

DCMC *Long Island*

Defense Contract Management Command

1999 UNIT SELF ASSESSMENT



DEFENSE LOGISTICS AGENCY



DCMC Long Island – 1999 Unit Self Assessment

OVERVIEW

We are DCMC Long Island - Defense Contract Management Command Long Island.

Throughout this application DCMC Long Island is also referred to as Our CAO (Contract Administration Office).

Our Mission: DCMC Long Island provides contract management services in support of the Army, Navy, and Air Force, as well as DLA buying activities, the National Aeronautic and Space Administration, and other Government and foreign organizations.

Our Vision: To be the premier CAO

Our Values:

Valuing customers' needs, desires and expectations
Trusting our people and empowering them to care for the interests of our customers
Maintaining open and honest two way communications
Innovating to accomplish our mission

Our Goals:

Provide the greatest value at the lowest cost
Establish an organizational culture necessary to consistently exceed customer expectations
Nurture and cultivate a workforce with 21st century skills

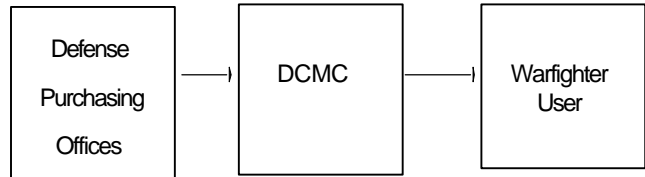
This application demonstrates the achievements of DCMC Long Island and the dedication of its people. Our CAO is an essential link in the chain of men and women, military and civilian, who collectively provide the United States of America with the world's best military, aeronautical/space and commercial products.

This application was drafted, written and compiled by the employees of DCMC Long Island. No professional desktop publishing programs were used to develop it. This document is a credit to our employees who help to put it all together.

1. BASIC ORGANIZATION DESCRIPTION

Chart OV-1

DEFENSE PROCUREMENT SYSTEM



The Defense Logistics Agency is a combat support agency. DCMC Long Island plays a vital role in supporting the DoD warfighter, (soldier, sailor, airman), mission of providing for the national defense. Within each of the military services and NASA, there exists numerous purchasing offices, termed as "buying activities," responsible for purchasing all supplies needed and used by the warfighter, ranging from tanks, jet aircraft fighters and jeeps down to nuts, bolts and screws.

Our customers rely upon the Defense Contract Management Command under the Defense Logistics Agency to provide world-wide contract administration services. We are one of 48 geographically located contract administration offices (CAOs) within DCMC, all providing similar services.

The work we perform for our customers, Army, Navy, Air Force and the National Aeronautic and Space Administration (NASA) purchasing offices and others, helps them get what they want, when they want it, with the right quality, and at the right price. We do this through on-site surveillance at the defense contractor offices and manufacturing plants. We provide business management, financial and technical services which, in turn, assures our customers of being supplied with defense contractor produced products and services, delivered on-time, within specification, and at expected cost. When our customers need products from new and existing defense contractor companies geographically located on Long Island, New York, we provide our services during the preaward, postaward, and closeout phases of the contracting process.

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MISSION & SERVICES

Our mission is to provide contract administration services. These services are performed during any one of the three business phases for contracting supplies. These three phases are: preaward, postaward, and closeout.

Preaward - prior to contract award, we perform preaward surveys to evaluate the competence, capability and reliability of new or existing defense contractors. We work with the Defense Contract Audit Agency (DCAA), one of our key suppliers, to perform defense contractor proposal analyses and financial system evaluations. We also help to establish contract prices and delivery dates through direct negotiation with the defense contractors.

Postaward - after contract award, during the life of a contract, we administer it through final product delivery by providing product & manufacturing assurance, delivery surveillance and program integration services. These services include the collection, analysis and delivery of information and data to our customers, the in-plant inspection and acceptance of defense contractor products, and the authorization to provide payments to the defense contractor based on their physical progress on a contract.

Closeout - after the final product is delivered, our contract closeout services continue until all business, technical and financial matters are reconciled. Where contracts are terminated before final delivery, we participate in post-termination conferences with the contractor, evaluate their claims and inventory schedules, approve partial payments and final payment vouchers, and recommend release of excess funds. We also administer government property inventories and their disposal.

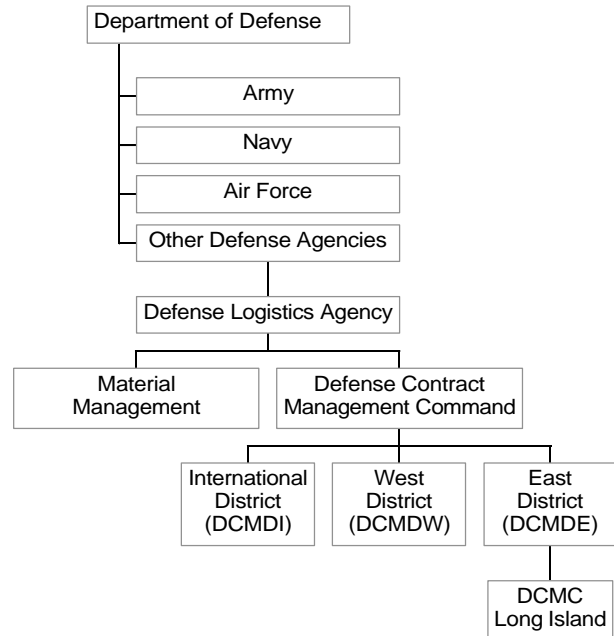
Chart OV-2

ACQUISITION LIFE CYCLE PHASES



The following chart shows our organizational position in the federal community

Chart OV-3



Our CAO is one of 48 geographically established CAOs within DCMC providing similar contract administration services. Our CAO is a member of the Defense Contract Management District East (DCMDE) team headquartered in Boston, MA. Our Headquarters team provides our CAO with centralized support for such services as training administration, budgetary allocation and contracting services when needed.

Located 25 miles east of New York City, our CAO provides contract administration services to approximately 95 customers, providing surveillance over 650 defense contractors covering 8,200 contracts valued at nearly \$6 billion. Our main office is located at the First Marine Corps District Headquarters in Garden City, New York. We also have 55 field offices located throughout Long Island. We have 297 civilian and 5 military officer positions in the organization. Our work environment is in an office setting and we do not require manufacturing/production type facilities. However, a portion of our workforce does perform inspection and production surveillance work in a manufacturing setting. At our main office, we occupy approximately 45% of the available building space. Our annual occupancy costs are based on the operation and maintenance costs

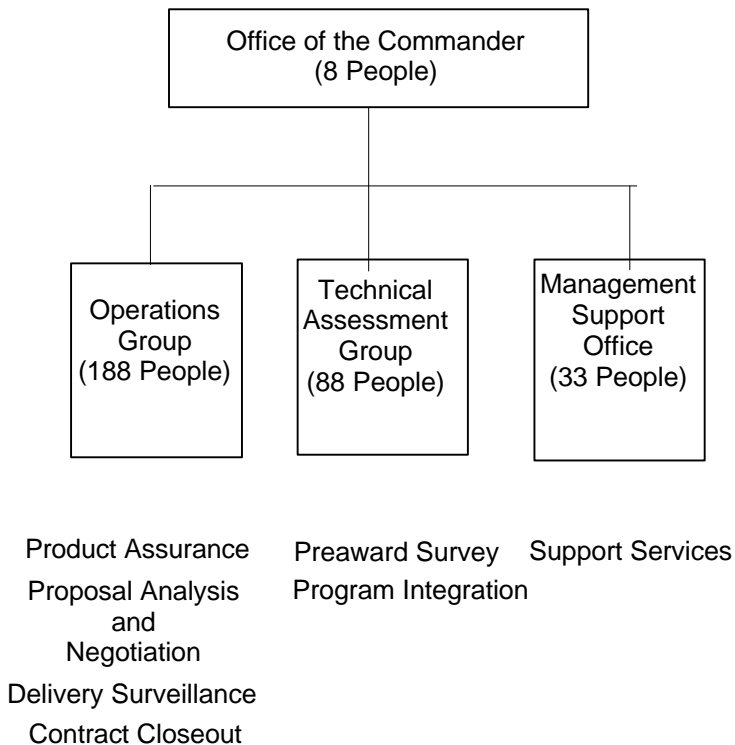
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incurred using the 45% occupancy percentage as the guide. We do not pay for floor space occupied. For comparison purposes, our cost of \$7.75 per square foot is significantly less than the commercial occupancy rate of \$27.50 per square foot for this area. Our 55 field offices are located within defense contractor facilities, enabling us to provide our customers with an on-site presence at the lowest possible cost.

Our employees form part of the American Federation of Government Employees (AFGE) Local 2567 bargaining unit. A union-management partnership agreement has been signed and is in effect here.

The chart below shows our current organizational structure. The number of people and our seven Key Business Processes, assigned by organizational unit, are included on the chart.

Chart OV-4



In September 1994 and in June 1997, we restructured and streamlined operations into a more customer-focused organization.

Chart OV-5

DCMC Long Island Demographics				
Gender	Male 65.4%	Female 34.6%		
Race	White, Not Hispanic 83.1%	Hispanic 4.1%	Black, Not Hispanic 11.2%	Asian or Pacific 1.5%
Educational	High School 31.1%	Less than Bachelor's 36.1%	Bachelor's 25.1%	Master's & Beyond 7.7%
Grade	GS-01 thru GS-04 3.1%	GS-05 thru GS- 09 27.3%	GS-10 thru GS-12 63.5%	GS-13 thru GS-15 6.1%

As seen in the demographics chart above, our workforce represents a very diverse community. It is important to note that no new hiring of employees has taken place in 8 years. There has been very little chance to alter our demographics.

Our day-to-day operations are guided by statute and headquarters directives including the Federal Acquisition Regulation and the Defense Federal Acquisition Regulation Supplement; DoD directives; and a set of business processes outlined in Defense Logistics Agency directives. Although these regulations and directives tend to be prescriptive in nature, we pursue many opportunities to improve our processes. Our people are empowered to achieve full customer satisfaction through local process improvement.

2. CUSTOMER REQUIREMENTS

Among our approximately 95 customers, our principal customer types are DoD, NASA, other Federal and foreign organizations. As previously stated, within each of these top-level customer types, there exists numerous purchasing offices termed "buying activities." Examples of several customer buying activities include:

- Air Force Materiel Command
- Army Materiel Command
- Army Aviation & Missile Command
- Naval Air Systems Command
- Naval Sea Systems Command
- NASA Space Flight and Research Centers

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Chart OV-6 Cross Matrix of Key Business Process vs. Key Customer Requirement							
Process	Requirement						
	Right Item	Right Time	Right Price	Right Advice	Right Reception	Right Talent	Right Efficiency
Preaward Survey		X		X	X		
Proposal Analysis & Negotiation			X	X	X		
Product & Manufacturing Assurance	X	X		X	X		X
Delivery Surveillance	X	X		X	X		
Program Integration				X	X		
Contract Closeout					X		X
Support Services						X	

Within buying activities are technical specialists, functional specialists, contracting officers, and item managers who are the direct recipients of the services we provide. These buying activities range in size from small, performing micropurchases of less than \$2500, to extremely large contracts, valued at several billion dollars.

We have identified seven key customer requirements which we must perform and/or do right if we are to meet and exceed our customers' expectations. These seven key customer requirements have been dubbed "The 7 Rights", and they are:

- Right Price - Do we find cost savings/avoidances?
- Right Item - Does it meet contract requirements?
- Right Talent - Are we prepared?
- Right Advice - Is it on point?
- Right Time - Is it delivered on time?
- Right Reception - Is the customer satisfied?
- Right Efficiency - Are we getting more affordable?

The chart above is a matrix of our key business processes to our key customer requirements.

3. SUPPLIER & PARTNERING RELATIONSHIPS

Our key suppliers and the supplies provided are:

Defense Contractors	Data & Information
Defense Contract Audit Agency	Financial Audits
Defense Contract Management District East	Mgmt Support
Defense Finance Accounting Services	Payment Services
First Marine Corps District	Facilities
General Services Administration	Office Supplies/ Vehicles

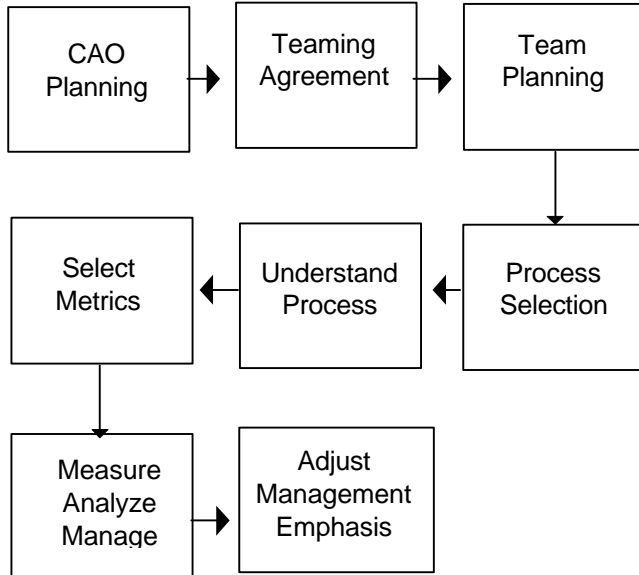
Our key suppliers are not chosen by us but are directed by regulation or by other government agencies. These suppliers provide us with data, information, resources, training, financial reports, policy and guidance. We seek our suppliers' cooperation through interservice support agreements, memoranda of agreement and joint process action teams.

Our CAO's corporate directors have determined that while defense contractors are suppliers to our customers, these same defense contractors are also suppliers to our CAO. These defense contractors

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provide data and information which serve as inputs to our key business processes.

Along these same lines, our CAO also views defense contractor - suppliers as our partners to ensure that our mutual customers receive what they expect. We use a



process methodology known as Process Oriented Contract Administration Services (PROCAS) to partner with these defense contractor-suppliers to conduct our day-to-day operations. The eight-step PROCAS methodology is shown in the chart below.

Chart OV-7

4. OTHER STRATEGIC FACTORS

While we are among the larger CAO units in terms of contract administration workload and authorized strength, our 55 locations are all within close proximity of our main office. This facilitates good communication with the entire workforce and allows us to shift resources quickly to meet customer needs.

DCMC Long Island is the exclusive DoD CAO for all defense contractors, except for Northrop-Grumman, located on Long Island. Within the greater New York City metropolitan area there are four CAOs. While we do not have competitors in the traditional sense, we do view other CAOs as our competitors in light of the fact that DOD is downsizing and consolidation of CAOs is a real, on-going issue within DCMC. Our CAO needs to always ensure that we are performing our mission to meet and, indeed, exceed customer requirements while performing in the most cost efficient manner. Competitive and overall performance

effectiveness and success are measured and determined via the Monthly Management Review (MMR). The MMR provides the organization with the opportunity to view where we are, and where we are going, and to compare our CAO against other similar CAOs.

Principle factors that determine our performance success are:

a focus on the customer as observed in our customer satisfaction results in item 7.1, the dedication and professionalism of our workforce as observed in our human resource results in item 7.3, actively involved leadership as observed in our organization specific results in item 7.5, and a clear and understandable vision.

Every individual in our CAO is challenged to anticipate and satisfy the needs of the customer, to strive for improvement, and to provide the public with a government that works better and costs less.

BOTTOM LINE

Through the combined efforts of our people, we have been consistently recognized as a leader and role model within the Defense Contract Management Command, providing high-quality business and technical services that satisfy our customers. Examples of recognition include:

1996 & 1997 Quality Achievement Award winner under the President's Quality Award Program

1995 Quality Improvement Prototype (QIP) Award Finalist under the President's Quality Award Program

1995 Defense Contract Management District East (DCMDE) Commander's Award

1995 DCMDE Category 1 Leadership Award

1994 Defense Contract Management Command (DCMC) Commander's Cup

1994 DCMDE Commanders Award

1998 Commander in Chief's Award for Installation Excellence

1998 President's Quality Award

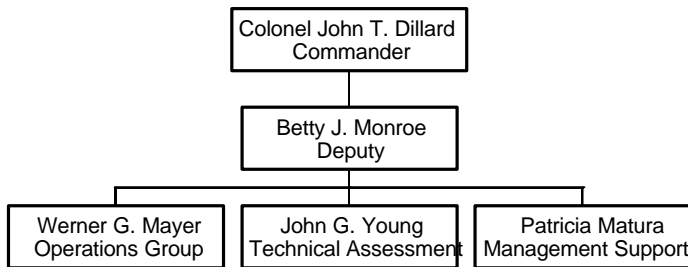


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1.0 Leadership

DCMC Long Island continues in its unwavering commitments to the US warfighter, the American taxpayer, and its own people. We are led by senior leadership that has created a vision for change, a strategy for achieving the vision, and a plan for executing the strategy.

Chart 1.0-1 DCMC Long Island Senior Leadership



Senior leadership, hereinafter referred to as the **corporate directors**, consists of the commander, deputy and group leaders as illustrated in the chart above.

1.1 Leadership System

The corporate directors have developed the overall mission, vision, values and goals of the organization.

Our leadership system is designed to empower employees, and give them the authority and responsibility to be creative, take risks and ensure that our customers are satisfied.

1.1.a Leadership System

1.1.a.1. Describes the organization's leadership system and how it operates. How it addresses values, performance expectations, a focus on customers and other stakeholders, learning and innovation.

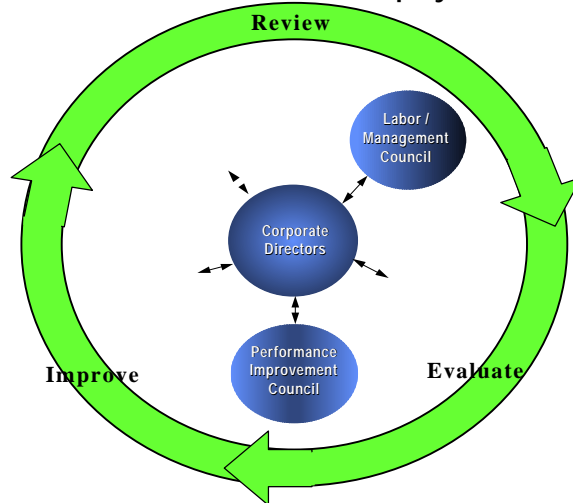
The CAO leadership system is shown in Chart 1.1-2.

AFI - Corporate directors will establish a 3 to 5 year plan with measurable goals that charts the continuing direction of the organization.

The corporate directors develop, implement and review all aspects of the system. They are the center of the system, leading five councils designed to set overall direction for the organization. The outer circle represents

senior leadership's review, evaluation and improvement to the system.

Chart 1.1-2 Leadership System



<u>Council</u>	<u>Mission</u>
Executive Steering	Develops annual performance plan
Unit Self Assessment	Performs unit self assessment
Performance Improvement	Reviews organization first level performance
Labor/Management	Develops and administers the Joint Partnership Agreement
Human Resource	Develops, administers and deploys the Human Resource Plan

The values established by the corporate directors are described in our performance plan. Our values are:

- Valuing customers' needs, desires and expectations
- Trusting our people and empowering them to care for the interest of our customers
- Maintaining open and honest two way communications
- Innovating to accomplish our mission

The corporate directors continuously use a variety of methods to recognize contributions of the workforce in meeting the values, as shown in Category 5.

The corporate directors employ a variety of methods for reinforcing values, and evaluating performance objectives. Examples of these activities are shown in Chart 1.1-1.

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Chart 1.1-1 Corporate Director Activity

Type	Frequency					Content
	Daily	Weekly	Monthly	Quarterly	Semi-Annual	
Employee Discussions	✓	✓	✓	✓	✓	Vision, Values and Customer Focus; Personnel Concerns
Supplier Meetings	✓	✓	✓	✓	✓	Reports, Requirements, Status
Training on Values	✓	✓	✓	✓	✓	Ethics, Fraud and Environmental Issues; Public Responsibilities
Union Interface	✓	✓	✓	✓	✓	Personnel, Safety and Health Issues; Goal Setting; Organization Vision
Visits to Employees	✓	✓	✓	✓	✓	Values, Customer Requirements, Mission Accomplishments
Customer Visits		✓	✓	✓	✓	Contract Status, Issues, Requirements
Team Meetings		✓	✓	✓	✓	Organizational Issues and Initiatives Personnel Concerns
New Business/ Marketing		✓	✓			Generating new business from other federal agencies
Contractor Visits			✓	✓	✓	Contract Status, Issues
Community Outreach			✓	✓	✓	Blood drives, Charities, Schools
Executive Steering Council			✓			Performance Plan; Customer Focus/Issues; Organization and Mission Issues
Professional Associations			✓			ASQ, NCMA, NSIA, NPMA,
All Hands				✓	✓	Workforce Issues; Award and Recognition; Performance Goals
Performance Planning					✓	Semi-annual conferences

The CAO's corporate directors recognize the importance of empowering our employees. As such, the corporate directors set the overall direction of the organization by incorporating our key customer requirements, the Seven Rights, into our performance plan. This, in turn, is communicated to our employees and executed by them. The corporate directors oversee performance, guaranteeing that the organizational direction stays on track through monthly management reviews (MMRs).

The corporate directors have directed the segmentation of the customer base in order to provide customized services to customers. To increase our customer focus, we have established Customer Account Managers (CAMs). Each customer account is made up of a Customer Information Network of those CAO employees who service a particular customer. Each account has a Customer Account Manager who serves as the single point of contact for all general customer issues. All levels of the workforce including the corporate directors, program integrators, administrative contracting officers, as well as others, constantly interact with DCMC Long Island's customers. The corporate directors have

consistently used performance and business planning as a means of goal setting, as illustrated in Chart 1.1-3.

In 1994 and again in 1997, in an effort to improve customer focus, we reorganized into multifunctional and specialized support teams. Multifunctional teams have improved customer service by providing direct and easy access and consistency. As part of the organizational change, team leader performance plans were modified to incorporate support for performance plan goals. This change also flattened the organization's structure by eliminating one layer of supervision.

The corporate directors emphasize continuous learning through technical training, strategic/performance planning conferences and leadership training and surveys. It creates and enhances processes using the structured approach found in Category 6. Finally, it enhances customer focus through the use of customer satisfaction training for all employees. Refer to 5.2a(1).

The corporate directors have developed and deployed a system for training, evaluating, and improving the leadership skills for all of its leaders. This system is institutionalized in our policy and procedure number 29.

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Chart 1.1-3 Corporate Directors Goal Setting

Goal	Example
Continually improve organization and processes to deliver quality products and services to our customers	Tasks identified under Goal 2 of our Performance Plan.
Identify, define, and quantify customer requirements, and match our capabilities with customer requirements	<ul style="list-style-type: none"> • Development of Memoranda of Agreement • Organizational realignment and training • Implementing customer satisfaction system
Build mutual confidence by demonstrating real concern for employees	<ul style="list-style-type: none"> • Birthday greetings • Letters of condolence • Significant downsizing without involuntary separation
Focus on contribution, rather than personal gain, and encourage everyone in the organization to do the same	<ul style="list-style-type: none"> • Recognition of employees • Extinguish forest fires on Eastern Long Island • International relief/peacekeeping in Bosnia
Use a teaming approach involving staff members throughout the organization to achieve improvement objectives	<ul style="list-style-type: none"> • Delivery surveillance PAT • Customer Satisfaction PAT
Streamline operations through continuous process improvement	The improvement in the contract closeout rate
Continually improve upon timely delivery, and quality products and services	A process action team to address customer concerns as identified in the Performance plan
Challenge each employee to take personal responsibility for quality	Inclusion of an element in supervisor's performance plan for continuous improvement, encouraging employees to join process action teams.
Encourage employees to embrace customer outreach and satisfaction.	DCMC Long Island policy/procedure developed and workforce training conducted

1.1.a.2. How senior leaders set and communicate organization direction, reinforce values, and performance expectations; evaluate and improve leadership system, utilize performance reviews, employee feedback and focus on customers and stakeholders, learning and innovation.

The corporate directors use a structured approach to develop a strategic/performance plan and improve our CAO's future opportunities. The planning approach is described in Category 2, and performance measurement in Category 4. Additionally, the Corporate Directors have established customer account managers who directly deal with current and new customers. They have also established a systematic approach towards targeting new customers as described in Category 3.

Communication is continuous throughout the organization. The corporate directors recognize that regular meetings provide a vehicle for direct communication to improve relationships within the organization as well as create a place of employment where respect, open dialogue, and honesty can flourish. In pursuit of these goals, the organization holds "all-hands" meetings, which focus on current organizational issues in a continuing attempt to reinforce our common goals and objectives.

Other examples that the organization uses to reinforce its values include multifunctional teaming, customer visits, manager's open-door policy, and increased employee empowerment such as flow down of signature authority and project ownership. In addition, we have instituted customer service standards training as well as customer feedback training to all employees.

Our office communicates its customer focus and values, in part, through the performance plan. For example, the performance plan is briefed semi-annually to all employees. This briefing demonstrates the link between headquarter's and our performance plan, enabling employees to recognize there is consistency and a common goal, and show that they are part of the "DCMC team." Team leaders' performance plans include critical elements for active support of the performance plan.

Our leadership system consistently communicates and reinforces values and customer focus as shown in Chart 1.1-4. The Corporate Directors communicate their commitment to learning by ensuring that the workforce receives all required training for DAWIA and QA certifications. Individual Development Plans for each member of the workforce are central to

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the learning process. This process is discussed in 5.2a(2)

Chart 1.1-4 Communicating Our Values

Opportunity	Frequency	Approach
All hands meeting	Quarterly	Agenda Item
In-house training	As scheduled	Leadership introduction
Employee recognition	Continuous	Types of Recognition
Ethnic and Special Emphasis	As scheduled	Displays, training, and Events
Team meeting	Weekly	Informal discussion
Open-door policy	As desired	Informal
Customer Request	By request	Formal
Customer Assistance	By request	Empowerment/ Innovation

We continually review our quality and operational performance. The corporate directors perform a monthly review of workload, personnel, and performance data, which graphically depict trends over time. A list of reviews is included in Chart 1.1-5. The corporate directors analyze performance trends to identify areas requiring improvement and refocuses resources accordingly.

Chart 1.1-5 Reviews

Type	Frequency	Content	Review Team
Customer Response Card	Monthly	Customer satisfaction and dissatisfaction feedback	Leadership team
Monthly Management Review	Monthly	Workload, quality and operational performance data	The corporate directors and union representatives
Strategic/Performance Plan	Bimonthly	Review of task status	Executive Steering Council
Labor-management reviews	Monthly	Personnel/Organizational issues	The corporate directors, union official and team leaders
Employee surveys	Semi-annually	Effectiveness of management policies, efficiency of communication, Quality of Life issues	The corporate directors and team leaders
Unit Self Assessment	Annually	Effectiveness of systems used to manage, measure, analyze and improve the organization	The corporate directors, team leaders and employees
Performance Improvement Council	Monthly	Review processes and procedures for consistency, quality and conformance to regulations	Group and team leaders
Business Planning	Annually	Review of workload requirements and business results	Leadership team

Group leaders and team leaders monitor performance data on a monthly basis through the Performance Improvement Council. They also employ comparisons between CAOs, which enable senior leaders to compare our performance to that of other CAOs. This CAO is a participant in the internal customer program. Through this program, the corporate directors make use of survey results to baseline performance and drive organizational improvements.

AFI - Corporate directors will establish a policy and procedure that defines the criteria to review, evaluate and improve the leadership system.

The corporate directors use the methods shown in Chart 1.1-6 to continually evaluate and improve the effectiveness of the organization's leadership system.

Chart 1.1-6 Evaluating the Leadership System

Method of Evaluation	Output
Customer Feedback	Satisfaction/ Dissatisfaction
External Review/ Assessment	Strengths and Weaknesses of Organization
IDPs	Training Requirements
Informal Employee Discussion	Satisfaction/ Dissatisfaction
Leadership Surveys	Satisfaction/ Dissatisfaction
Unit Self-Assessment	Strengths and Weaknesses of Organization
Internal Customer Measurement System	Impact on Work Performance

Corporate Directors use a variety of techniques from 360 degree evaluations, offsite sessions such as the National Quality Conference, and monthly leadership training sessions to evaluate and improve both the leadership

and their individual leadership skills.

1.2 Organization Responsibility and Citizenship

1.2.a. Societal Responsibilities

1.2.a. (1) Key practices, measures, and targets for regulatory, legal, and ethical requirements and for risks associated with managing organization operations.

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AFI - Corporate directors need to establish a process to identify and assess public concerns and a structured methodology to address these

Our CAO uses the Management Control and Assessment Program to ensure that we execute our responsibilities in accordance with public law and regulation. Through this internal audit process, we validate that: (1) our mechanisms for preventing the waste and unauthorized use of government property are in place, (2) the misappropriation of government funds is prevented, and (3) training and reinforcement of integrity and ethical behavior are effective. Chart 7.5-10 shows reviews completed in fiscal years 1994 through 1998.

The Corporate Directors address risks and regulatory considerations through training and by adjusting the workforce structure as necessary. As an example, DAWIA training provides employees with real time knowledge on regulations and the CAO added an environmental specialist to its staff in order for the office to be able to respond to issues of that type.

1.2.a. (2) *How the organization anticipates public concerns with current and future products, services and operations; assesses potential impacts on society; and addresses these concerns in a proactive manner.*

Environmental awareness is a top concern for this organization and the community. The corporate directors encourage and support employee participation in activities covering technical and non-technical environmental issues. Key functional specialists have received technical and legal training associated with new environmental laws.

The CAO attempts to address and anticipate public concerns. It has reduced the number of employees due to public concern about the size of the government, and it has trained an environmental specialist to ensure prompt reaction to problems in that area.

As a service organization, we have limited environmental risks. Our major risks are violation of public law, contract terms and conditions, and regulatory and other requirements. Refer to Chart 1.2-1. We recognize our obligation to the American taxpayer to abide by the highest ethical principle, to be responsive to the community regarding health, safety, and environmental issues, and to project an image of trust. Refer to Chart 1.2-2. DCMC Long Island integrates its public responsibilities with its performance improvement through the strategic/performance plan.

Chart 1.2-1 Regulatory and Other Legal Requirements Addressed in Planning

Category	Source of Requirement
National Security	Federal Law and Executive Order
Acquisition	Public Law, Federal Acquisition Regulation and Federal Managers Financial Integrity Act and contractual requirements
Employee Health and Safety	Federal and state environmental law, OSHA requirements and Americans with Disabilities Act

Our CAO plans for public concerns through analysis of published government documents and the corporate directors' involvement in meetings, conferences, and symposia sponsored by professional societies/organizations such as the American Society for Quality (ASQ), National Contract Management Association (NCMA), and National Property Management Association (NPMA), which are held throughout the country, and Long Island Forum for Technology (LIFT). In addition, we plan for the future by key staff member participation in business meetings with our contractors. During these meetings, contractors and government personnel review recent environmental issues and other matters vital to understanding current public concerns. Following these meetings, the communication process continues as each staff member shares in the information flowing from the corporate directors. When possible, these issues are incorporated into the performance plan. For example, a task has been incorporated into the FY97 performance plan that expands our role as a corporate citizen within our community.

Our legal counsel educates both government and defense contractor employees in methods of identifying and reporting environmental problems. The program promotes timely investigation and resolution of problems

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Chart 1.2-2 Organization Public Responsibilities

	Business Ethic	Health and Safety	Environmental Efforts
Risk: Identify and minimize	Government reports and initiatives	Evaluate safety/ health reports: In-plant surveillance; handicap access	Environmental cost review, environmental awareness, identification and training, fraud indicators
Goals and how set	Standards of Conduct regulation	External/internal regulations/policies	Federal and state statutes and regulations
Improvement Methods	Training on standards of conduct in conjunction with fraud awareness training	Training, conferences; recycle program	Training in environmental laws and environmental criminal acts
Indicators	Hotline and individual financial disclosure report	Health screening (clinical); CPR training	Legal review of costs, referral of fraud allegations
Progress Review and Frequency	Annually by training and individual financial disclosure report	Reports; daily monitor of facilities	Continual review by fraud counsel in conjunction with investigative offices. Periodic meetings with environmental task force group

Our fraud program identifies the proper reporting channels to our employees, as well as defense contractor employees. This program promotes prompt investigation and pursuit of criminal, civil and/or administrative remedies.

1.2.b Community involvement - How the organization, its senior leaders, and its employees support and strengthen their key communities.

Our CAO has promoted an atmosphere that fosters involvement in community affairs. Our corporate citizenship is individually rather than organizationally focused. This is the most effective technique for the size of our organization. Our staff members are strongly encouraged to participate in external groups. The corporate directors' guidance on myriad community activities demonstrates the breadth of our commitment. Refer to Chart 1.2-3. Our involvement process continues as our employees participate and support other local service organizations through the Combined Federal Campaign. From auctions that benefit those less fortunate to many walk-athons such as the March of Dimes, Heart Association, and the Diabetes Foundation, our people are there. The process is captured in our Human Resources plan as noted in Item 2.2.

As an active member of several key communities, we organize and participate in community symposia and conferences such as the Long Island DOD Acquisition Reform Symposium and the NSIA Twenty Fifth Annual Industry/Government Liaison Conference.

Our CAO has been a key player in maintaining blood bank supply levels. We host two blood drives each year in support of the Long Island community. In February 1995, we hosted an additional blood drive in response to an urgent call for blood in our community due to reserves

falling below a 1-day supply. Donor participation steadily increased from 23% in 1991 to 41% in 1996.

The Civilian Welfare Council is comprised of Long Island employees who work together on projects that benefit our community as well as our employees. For example, the Civilian Welfare Council instituted a "Thanksgiving and Christmas Donation Program" which provides food, clothing, and gifts to disadvantaged families at holiday time.

Our CAO has been involved in a number of quality improvement activities, which have encouraged other CAOs and individuals in their efforts to learn and improve. Examples include:

- Briefings at DCMC Commander's Conference in Houston, TX and at the Eighth Annual National Conference on Federal Quality in Washington, DC.
- Hosting a workshop at the Ninth Annual Federal Quality Conference
- Briefing senior CAO managers from Reading, PA; Cleveland, OH; Atlanta, GA and Baltimore, MD in order for them to prepare their unit self assessment.
- Participating as DCMDE, DCMC, DOD and OPM level quality award examiners
- Hosting and conducting training assignments for DCMC Mid-level Development Program participants.
- We also support the DCMC program to encourage organizational self-assessment throughout the command. We shared our 1994, 1995, and 1996 award winning packages with all DCMC CAO's as well as other offices. We have also briefed organizations on our methods and results. This helps other government agencies improve their service to the DOD warfighter and taxpayer, which benefits everyone.

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Chart 1.2-3 Corporate Citizenship

WORKFORCE	ORGANIZATION	NOTEWORTHY ACCOMPLISHMENT
COMMANDER	Long Island Forum for Technology National Property Management Association Small Business Procurement Fair Mitchel Field Housing Complex Special Emphasis program for federal civilian and military orgs Alliance of Manufacturing & Professional Societies National Eagle Scout Association Boy Scouts	Guest Speaker Guest Speaker Guest Speaker Committee Member Guest Speaker Keynote Speaker Member/Sponsor Committee Member
DEPUTY	Business & Professional Women's Club Long Island Arts Council Long Island Links 100 Black Women of Long Island Rotary International Small Business Procurement Fairs Board of Education DCMC NY Women's Program Church Nassau County Girl Scout Council	President Liaison Member/Cultural Committee Board of Directors Host Families Guest Speaker President, Treasurer Guest Speaker Guest Speaker Member
SUPERVISORS	National Contract Management Association Long Island Forum for Technology American Society for Quality (ASQ) National Property Management Association ASQ Long Island Section Annual Technical Conference National Security Industrial Association	Board of Directors Program Coordinator Vice Chairman/Chairman Members/Gov't Liaison Guest Speaker/Member Co-chair/Member
ALL EMPLOYEES	Combined Federal Campaign American Society for Quality Control March of Dimes DCMC Leave Donor Program National Contract Management Association Diabetes Foundation Parent-Teacher Association National Property Management Association Long Island Blood Drive Young Men's Christian Association Toys for Tots National Society of Professional Engineers State Building Energy Conservation Committee Defensive Driving	Organizers and Donors Member Organizers Donors Member Donors Members Member Donors and Organizers Board of Directors Donors Chairman Chairman New York State certified instructors



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2.0 Strategic Planning

The strategic plan establishes organizational goals, defines organization strategies and policies to achieve them; and develops plans to ensure that the strategies are implemented to achieve continuous improvement. It is the roadmap to our future. It focuses our efforts towards achievement of the organization's vision.

2.1 Strategy Development Process

2.1a How the organization develops strategy.

Initiatives to Improve Strategic Planning Process to Include: Key influences, Risk Assessment, Adjusting to changing requirements, Current and future mission environment.

Beginning with our mission, vision and values as the overall approach to strategic planning, our corporate directors share a clear focus of DCMC Long Island's commitment to establish long term organizational goals to achieve continuous improvement. Our strategic plan is our strategy for entering the 21st century.

The corporate directors set the overall direction for strategic planning. They develop concepts and ideas for successfully achieving our objectives utilizing the six inputs as detailed in chart 2.1-1. Our strategic plan establishes the CAO's strategic goals and objectives for continuous improvement over a six year period which are linked to our vision.

The corporate directors convene annually to review and recommend revisions to our strategic plan that will present the greatest potential for shaping our CAO's future. To facilitate the achievement of our strategic plan, our annual performance plan assigns ownership of every single strategic goal and provides the criteria for which progress is measured.

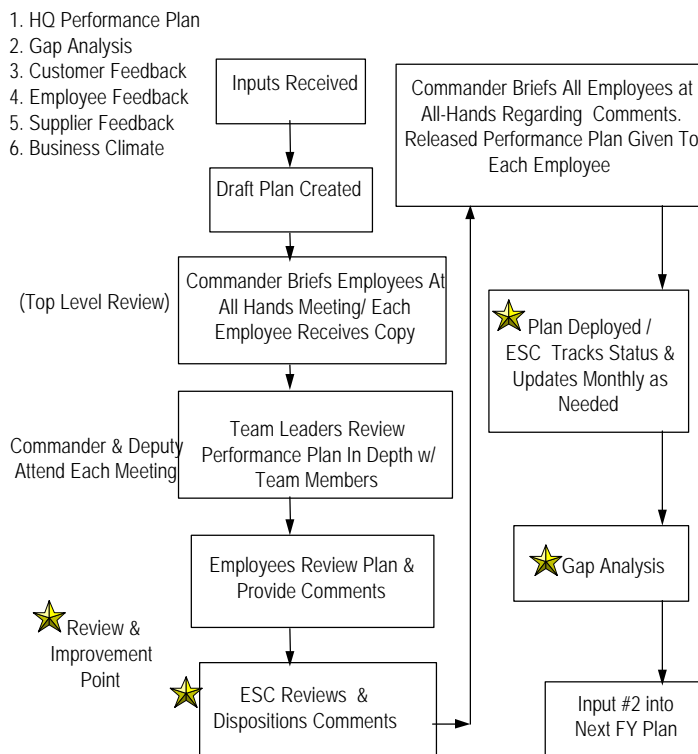
Our strategic development process is evaluated continuously to determine whether it should be changed. Our strategic and performance goals are designed to achieve our objectives. They are evaluated at monthly management reviews (MMR's) and at executive steering council meetings by focusing on the results achieved.

We focus on our strategic and performance goals by examining their present or expected results relative to our competitors, resources, probable environment and the interests of our stakeholders and customers.

Our CAO realizes that our competitions will continue to focus their strategies on seeking higher leverage and

more business within our market arena. For this reason, we continually study the strengths and strategies of our competitors in order to anticipate and plan for future events.

Chart 2.1-1 Performance Planning Development Process



2.2 Strategy and Action Plans

2.2a How strategies are translated into action plans.

Our CAO develops and implements a performance plan based on a fiscal-year cycle. In order to develop an all encompassing performance plan, we established the Executive Steering Council. The council is composed of the senior leadership team, supervisors, and non-supervisors. The local union vice-president is also a council member. The council also utilizes the resources and knowledge of our unit self-assessment category champions and the employees who are graduates of the DCMC mid-level development program. The mission of the council is to develop our annual performance plan and monitor its implementation.

Our performance planning process is a systematic, documented process to develop quality and operational performance improvement plans. Refer to Chart 2.1-1.

We have developed and deployed a strategic/performance planning system. The system

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consists of two modules: (1) strategy development and (2) strategy deployment. The deployed system improves the performance planning process by standardizing the process including the performance of gap analysis. The policy/procedure is provided to all teams to assure repeatability of a systematic process for performance plan development and deployment. Flow down of our CAO wide strategic plan to our annual performance plan is developed in line with our Headquarters Performance Plan. Critical requirements are flowed down through CAO action plan. Refer to chart 2.1-1.

We have identified seven key customer requirements (the seven rights as indicated in Chart OV-6 in the overview) as a result of analyzing customer expectations. These seven key customer requirements were developed to capture the “outcomes” customers and stakeholders seek. These customer requirements are global customer expectations. In order to facilitate the translation of the seven key customer requirements and corresponding feeder metrics, we have developed a finite set of internal measures to satisfy command wide requirements. Refer to Chart 7.5-1. These measures complement the seven key customer requirements and are translated into our strategic, performance and surveillance plans. Performance goals are then further defined into specific tasks in our performance plan. Tasks are then assigned to different functional elements within DCMC Long Island, e.g., human resources assigned to corporate directors, information analysis to The Technical Assessment Group and customer satisfaction to the Management Support Office.

The performance goals and the tasks identified in the plan provide us with a framework on which to build. Our goals are improving customer satisfaction, expanding our business base, ensuring that the organization is performing its mission in a cost-effective manner, employee recognition, and expanding our knowledge into commercial practices. The results of our efforts to achieve these goals are in Charts 7.1-1 thru 7.1-5, 7.3-11, and 7.5-2. Tasks detailing how each specific performance goal will be accomplished are established and identified in the plan. Each task has been assigned an office of primary responsibility, a target completion date, an identified outcome measure and key considerations for accomplishing the specific task.

As depicted in Chart 2.1-1, each employee receives a draft copy of the performance plan in order to provide comments.

All employee comments are addressed by the executive steering council. Accepted comments are incorporated into the plan.

An all hands meeting is called by the commander to discuss the contents of the plan, and the need to keep focused on accomplishment of the plan. Additionally, during this meeting each employee is personally handed a copy of the final version of the plan. To ensure that all employees understand the plan and their specific role in the plan, all team leaders are tasked to review the performance plan in depth during meetings with their assigned employees. Additionally, the commander or the deputy attends each of these meetings to speak to the employees regarding the plan.

The corporate directors employ a wide variety of methods to review our performance relative to customer-related, operational, financial and competitive performance; for example, Monthly Management Reviews, Labor-management reviews and Internal Management Control Reviews. Corporate Directors engage in MMRs for the purpose of assessing organizational performance, conducting performance improvement efforts, resolving risk related issues, accomplishment of the performance plan/goals, analyzing customer and supplier considerations and determining resource management status. The MMRs are structured to present a comprehensive, accurate picture of the state of the organization as measured against our performance targets/goals. Our review methodology is detailed in Chart 1.1-5.

One of the ways our customers provide input into our performance planning is through the military officers assigned to our CAO. These officers serve on a rotating basis, and have previously served and will serve again at our customer's offices. This opportunity provides our CAO with input regarding customer driven values and expectations.

Systematic evaluation and improvement are fully integrated into our performance planning process. This process includes monthly performance reviews of the seven key customer requirements through the feeder metrics. Additionally, competitive comparisons with recognized leaders are used as a tool to evaluate and achieve continuous improvement in our business and support processes.

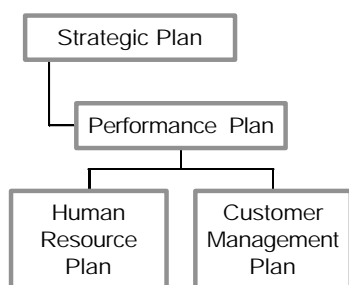
To ensure that we are on track and in focus with the goals and tasks of our performance plan, ESC meetings are held to serve as a forum to review each performance goal with associated tasks. As a means for all

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employees to monitor the progress of the performance plan, a “user-friendly” performance plan has been developed so that all employees can understand the plan. This most recent plan was deployed April 1997 to all employees.

DCMC Long Island’s vision of the future is set forth in our strategic plan and we establish what we intend to accomplish each year in our annual performance plan. To make sure that we are properly focused in our efforts, flow down strategies and plans to address quality, operational performance improvements and customer expectations are developed based on guidelines from headquarters, internal policy/procedures, customer requirements and long term goals contained within our strategic plan as shown in Chart 2.2-1.

Chart 2.2-1



The Performance Plan identifies the performance measures for each of our seven key customer requirements. The performance goals are directly related to the goals identified in our strategic plan. These performance goals are short-term targets (one year) which identify milestones, office of primary responsibility, target completion dates and the funds required to achieve the performance goal. Refer to chart 7.5-1.

The Human Resource Plan identifies both short and long terms goals. It is an integral part of our Performance Plan. By creating an environment in which each team member can achieve his or her potential, DCMC Long Island enhances its prospects for future growth, customer satisfaction and attainment of our vision. Our human resource planning process provides our employees with a safe, secure working environment, and offers opportunities for personal growth and advancement. Refer to chart 2.2-2, which illustrates the linkage between human resources and performance plans.

The Customer Management Plan consists of a comprehensive set of customer satisfaction policies and

procedures, which outline strategies for achieving outstanding customer service.

The corporate directors utilize all necessary resources to assure plan implementation. Each performance goal within the plan is assigned a Performance Labor Accounting System (PLAS) code as part of the PLAS labor tracking system. Hours are then budgeted and tracked against this performance goal and PLAS code. This allows our organization to link performance with levels of resource expenditure/allocation.

Our CAO human resource planning is an outgrowth of our annual performance planning. We have developed a Human Resource (HR) Plan, which contains both short and long term goals. The HR goals are linked and integrated to our mission and overall performance plan. The key customer requirement, Right Talent, identified in our FY97 Performance Plan, has enabled us to develop specific HR goals, which are tracked and monitored. Our HR goals, for example, include improving the quality of life for employees, expanding opportunities for employees in the decision making process, and continuing the upward trend in recognizing and rewarding individual and team accomplishments. This promotes a work environment that develops and retains quality people. Refer to Chart 2.2-2 for linkage to the performance plan.

Our HR goals focus on the development of excellence in the workforce and the attainment of the highest standards of integrity, honesty and trust. We have a workforce of caring people who are well trained and empowered to meet our customers' requirements.

The corporate directors annually review and revise the human resource plan as necessary.

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Chart 2.2-2 Human Resource

HUMAN RESOURCE CATEGORY	LINKAGE WITH PERFORM PLAN TASKS	HUMAN RESOURCE SHORT TERM GOAL(S)	HUMAN RESOURCE LONG TERM GOAL(S)	MEASURE
Quality of Life	Improve Quality of Life Issues	(1) Perform surveys to identify and promote employee well being. (2) Promote opportunities activity-wide. (3) Determine employee satisfaction, well being and motivation (4) Summarize data and take corrective action as needed (5) Disseminate results activity-wide	Continue to identify services, facilities, activities, and opportunities to promote employee well being	Achieve 100% survey participation; degree of satisfaction
Promote Employee Flexibility, Innovation and Work Redesign	Increase Empowerment/ innovation/ responsibility	(1) Expand opportunities for employees in the decision making process. (2) Maintain employee involvement	Implement self-managed work teams where appropriate	Formation of process action teams; achieve increase in employee empowerment
Employee Development/ Training	Identify training needs	(1) Receive needs analysis training (2) Conduct needs analysis (3) Adjust annual Individual Development Plans as a result of needs analysis	Continue to systematically evaluate and improve training as it relates to operational performance	Completion of needs analysis
Rewards, Recognition and Compensation	Improve Quality of Life	Continue upward trend in recognizing individual/team accomplishments	Continually motivate employees towards high performance	Satisfaction survey results; number of awards
Recruitment and Selection	Improve Leadership	Participate with corporate directors within same competitive area to evaluate and assess personnel needs	Continue to forecast future skills requirements	IDPs; Union; employee relocation

2.2b Two-to-five year projections.

Develop performance measures for each of the three strategic goals for the years 1999 to 2005 in order to achieve our vision of being the "provider of choice".

Corporate directors employ a variety of methods, (see Chart 1.1-5) to review the organization's customer-related and operational performance. As a result of these reviews, and other factors, key measures and/or indicators are identified. Specific strategic and performance plan goals and associated tasks are established to improve our processes. DCMC Long Island's strategic goals are:

- Provide the greatest value at the lowest cost
- Establish an organizational culture necessary to consistently exceed customer expectations
- Nurture and cultivate a workforce with 21st century skills

Accomplishment of these goals over the next six

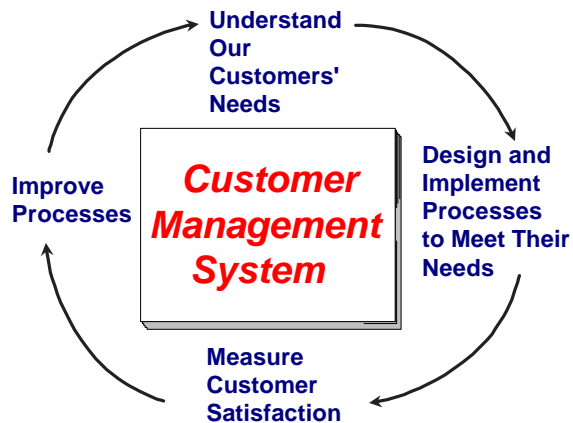
years enables us to maintain and improve our performance. We acknowledge that, during this same period, similar providers will also improve, however, we believe that we will be the provider of choice by achieving our long term goals and by using breakthrough improvement strategies such as competitive comparisons strategies described in Item 4.2a.

Corporate directors document their commitment to these goals via the establishment of the strategic and annual performance plan and have the authority to commit the necessary resources, (i.e. personnel, funds) to meet these measures.

Our performance for key measures and/or indicators are continually compared to similar providers and other top performing organizations within our command. Chart 7.5-1 contains a matrix of our key customer requirements and our goals matched to key measures. Our goals are based on an analysis to eliminate the gap where we are not the best in class, and exceed our current performance, as described in Item 4.3.

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3.0 Customer and Market Focus



DCMC Long Island has approximately 95 customers, both military and civilian. We contribute significantly to their procurement processes. It is important for us as an organization to build and maintain good customer relationships. We strive to understand exactly what our customers want; design and implement processes to meet their needs; measure how well we satisfied their needs; and then adjust our processes to provide exceptional Contract Administration Service for our customers.

To this end, we have developed, implemented and continuously improved our Customer Management System which defines our customer satisfaction policy, determination and integration of customer requirements, customer service standards, customer response card process, customer feedback process, and customer account program.

3.1 Customer and Market Knowledge

3.1a(1) *How customer groups and/or market segments are determined or selected.*

We identify and group customers using the information available in the contracts we administer in our CAO. Business segment information is analyzed by contract value, contract quantity, contract complexity, product commodity, and by military service and agency, as shown in Charts 3.1-1 through 3.1-4.

Chart 3.1-1

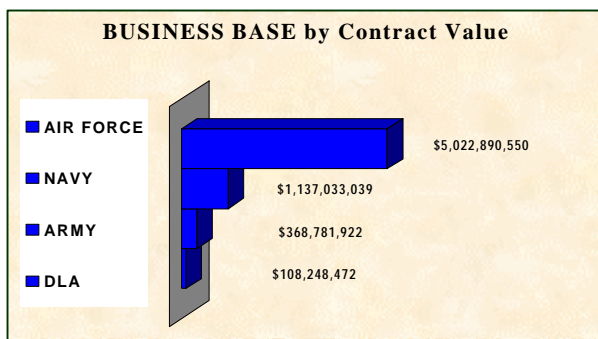


Chart 3.1-2

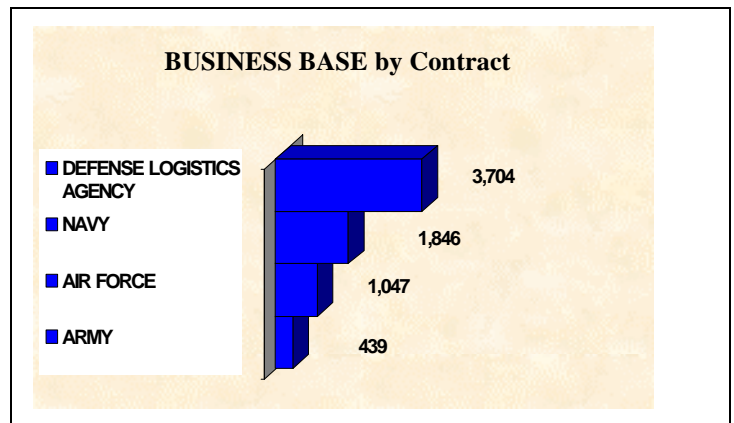


Chart 3.1-3

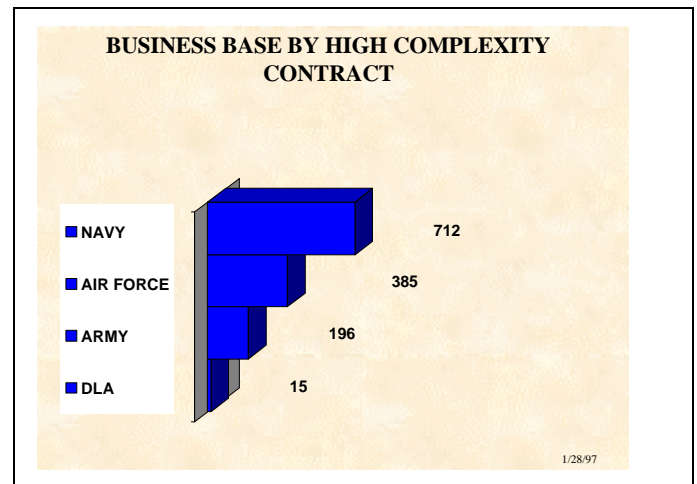
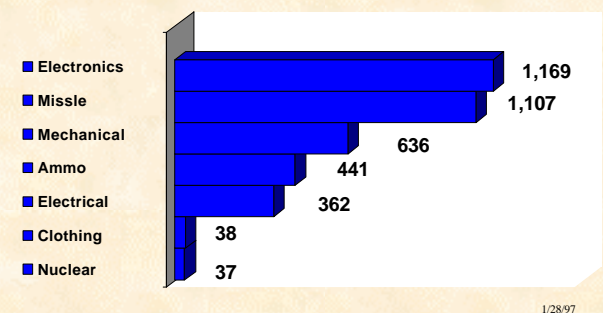


Chart 3.1-4

BUSINESS BASE BY PRODUCTCOMMODITY



From this information, two primary customer groups have been identified: Military Services (Army, Navy, Air Force, Marines, and other joint Military Commands) and DLA Supply Centers. The Military Services procure weapon system products using program managed contracts. The

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DLA Supply Centers procure smaller products, including consumables (food, clothing, medical supplies, and hardware), using item managed contracts. These two groups are distinguished by the large difference in average dollar value per contract and by the large difference in quantity of high complexity contracts. This is illustrated in Chart 3.1-5. Additionally, we also do quite a bit of reimbursable work for NASA. They do not appear on the above charts, however, because their dollar value and contract counts are low by comparison.

Chart 3.1-5

CUSTOMER GROUPS		
	MILITARY SERVICES	DLA SUPPLY CENTERS
Avg \$ Value per Contract	\$1.959K,	\$29K
High Complexity Contracts	1,293	15
% Contracts	47%	53%
Contracts	3,332	3,704

Our top ten customers, segmented by unliquidated dollar value (value of undelivered product), are all within the Military Services. Refer to Chart 3.1-6. They represent 72.3% of our current business base. In-depth administration and technical support are provided for critical high risk contracts executed by this customer group.

Chart 3.1-6

CUSTOMER	ULO(M)
Warner Robins Air Logistics Center	87
Naval Air Systems Command	85
Naval Aviation Supply Office	51
Aeronautical Systems Division	46
San Antonio Air Logistics Center	34
USA Communications-Electronics Cmd.	29
Oklahoma City Air Logistics Center	27
Naval Training Systems Center	25
Naval Sea Systems Command	23
Army Aviation and Missile Command	20

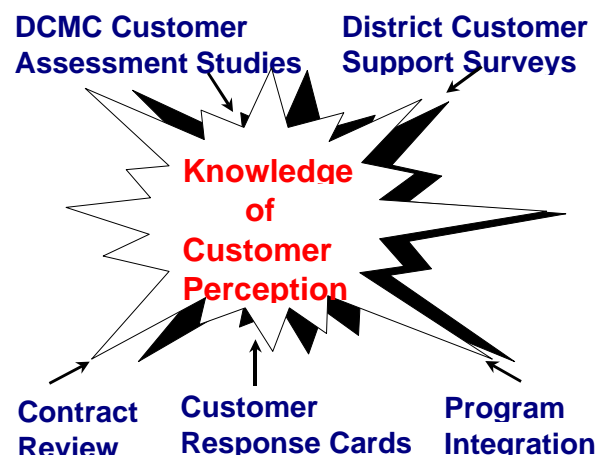
Knowledge of individual customer needs, goal four of our performance plan, is based on a combination of standard business practices applied to all customers and adaptive listening methods employed depending on each individual customer's circumstances. Examples of standard practices used for all customers include contract review and our customer response card process. Examples of tailored listening methods include meetings with customer representatives and memoranda of agreement with customers to clarify their needs and define our working relationship.

We identify our pool of potential customers as any DoD or Federal agency that is doing business with contractors within our geographical purview. To

increase our business base we market our services to these potential customers, and also work to expand our services with our existing customers. Through personal visits to the customers' organizations, by various members of our organization, we familiarize their procurement personnel regarding the services we can offer and the potential benefits of using our services. Additionally, we support DCMC HQ's marketing efforts to potential customers, on the corporate level, at various government / industry conferences.

We plan for future customer requirements by disseminating and evaluating information received from different levels. At the command level, DCMC has established Customer Liaison Representatives (CLR) at major buying commands to facilitate communications with our customers. The mission of the CLRs includes advising DCMC on "customer acquisition trends." The CLRs accomplish this task via their monthly reports to DCMC. At DCMC Long Island, we build upon the work begun by Headquarters. First, we circulate the monthly liaison reports to each member of our acquisition teams who support each customer. In this way future customer needs become known directly by those who will be most impacted by them. Second, we have established Customer Account Managers for each major customer whose duties include becoming aware of customers' present as well as future needs. Anything that would impact our acquisition actions would be brought up to our management via the ESC or PIC

3.1a(2) How key product and service features and their relative importance/value to customers are determined.



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At the command level, key products and services and their relative importance/value to our customers are determined via DCMC's Customer Assessment Surveys.

The Customer Assessment Surveys list the products and services we provide and ask our customers to rate their relative importance and level of satisfaction with each of them. By charting and comparing these importance-to-satisfaction ratings, DCMC can generate a "Voice of the Customer" profile. This profile provides customer perceptions of our strengths and weaknesses and helps us align our resources with the products and services that require improvement.

At the district level, key customers (Program Managers and Procuring Contracting Officers) are surveyed by phone to assess their satisfaction levels with the field offices that support their programs.

To get immediate and specific customer satisfaction feedback regarding our key products and services at the local or transaction level, we employ our customer response card process. This process solicits customer feedback by way of a response card attached to each product or service we provide. Feedback in the form of a numerical rating and written comments regarding timeliness, accuracy and completeness, value added, and overall satisfaction is requested. Each of these categories are tracked and reported to each team leader and our top management for each type of product and service DCMC Long Island provides. Every response is forwarded to product/service provider to complete our closed loop feedback system. Negative as well as positive feedback are both valuable sources of information regarding specific customers' key product and service features determination. Each case of unfavorable feedback is investigated with the customer to gain a further understanding of their expectations and learn what we can do to fulfill them.

Additional, methods we employ to determine key product and service features and their relative importance to our customers are:

Contract Review - Performed for every contract and purchase order on hand by the various specialists administering them, contract review enables us to determine what is important to each customer on a contract by contract basis. This knowledge drives our resourcing and depth of surveillance at contractors facilities. Information collected during contract review

enables us to identify and compile many specific customer requirements which are then available for review and analysis.

Program Integration - Performed when requested, program integration has two elements which help us determine key products and services and their importance: Program Management Reviews (PMR) and Memoranda of Agreement (MOA). PMRs are progress reviews held regularly at the contractor's facility, attended by members of our program support team and the customer's office, and used to identify customer requirements that are new, unsatisfied, or need further action. MOAs clarify customer requirements, describe how our office will satisfy those requirements, and define the working relationship between our office and the customer.

3.1a(3) How the organization's approach to listening to and learning from customers and markets is evaluated and improved.

While DCMC Long Island employs various methods of listening to our customers, we recognize that these methods can always be improved. In addition to face to face and phone contacts, customer liaison periodic reports, the customer response card process, and the results of the Customer Assessment Studies, we have established a PAT team to explore new sources of customer feedback, and to develop a systematic method of evaluating and improving our customer listening strategies. To this end we have proposed a method to analyze the relationship that exists between our individual products and our customers through the Customer Response Card Program. From these results we can target specific product codes that require improvement and identify customers whose needs are more complex

We continually analyze customer information and compare our operations with other organizations' best practices to evaluate and improve how we listen to and learn from our customers. An example of this is how we established two business activities unique throughout all of DCMC. During management meetings, while considering ways to improve how we listen to and learn from our customers, we had an idea that borrowed from and improved upon two activities we considered to be best practices. As a result, we established two unique business activities in our CAO that we consider to be

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best practices in DCMC: Customer Information Networks and Customer Account Managers. Customer Information Networks consist of DCMC Long Island employees who support each major customer. The networks have been established to speed the transfer and assimilation of customer information. The positions of Customer Account Managers were established to disseminate information to each Customer Information Network and to serve as additional points of contact to provide dedicated customer support. These two business activities have improved how we listen to and learn from our customers.

3.2 Customer Satisfaction and Relationship Enhancement

Our CAO has created a customer commitment policy in our Performance Plan. This policy drives the spirit of the organization which is to be focused on customer satisfaction through teamwork, personal excellence and continuous improvement. The vision statement and tasks described in the plan demonstrate commitment to our customers. Specific areas of performance (DCMC LI Performance Plan Task 5.1.1.1.52) also demonstrate the approach and deployment methods we use to promote customers' trust and confidence in us.

The following examples demonstrate our commitment to our customers: the development and implementation of a customer satisfaction policy and customer service standards; the establishment of dedicated Customer Account Managers and Customer Information Networks (unique to DCMC Long Island and considered to be best practices)--refer to 3.1a(3); performance of risk assessments; cycle time reduction efforts; program integration support at PMRs and through program status reporting; the customer response card process; and individual supplier surveillance plans.

An additional example, which demonstrates our commitment to our customers, is our Road Runner award. This award recognizes employees who have provided outstanding customer service under exceptionally short deadlines, refer to 5.1(b).

3.2a Accessibility and Complaint Management

3.2a(1) *How the organization determines customer contact requirements.*

Customer contact requirements are directed by regulations and policies. Specific requirements and expectations are identified during the performance of

routine business processes, through formal written customer requests and feedback, and through other activities which involve direct communications with customers. Some of these activities include PMRs, MOAs, QALIs, Preaward Surveys, PQDRs, Contract Review, Technical Support to Negotiation, and Customer Response Cards.

CHART 3.2-1 AVENUES OF EASY ACCESS

Avenue	Enabling Feature and /or Service Provided
Electronic- Internet, fax, telephone, and WWW Homepage	points of contact with contact numbers; verbal/written information; description of CAO mission, vision, etc
Business Letters	points of contact with contact numbers; written information
Customer Service Line	dedicated telephone number for complaints
Program Management Reviews	face-to-face contact, business cards
Program Status Report	points of contact with contact numbers; written information
Program Support Team	listing of members by function with contact numbers
Business Meetings and Conferences	face-to-face contact, business cards

Chart 3.2-1 identifies the avenues of access available to our customers. These are designed to facilitate easy access into our organization. The chart also lists the enabling features and services provided. Avenues of access have been designed into our key business processes and are the responsibility of process owners and front-line customer contact personnel.

CHART 3.2-2 SERVICE STANDARDS

Type	Requirements
Customer Access	1. identify points of contact and contact numbers 2. acknowledge receipt of new work
Complaint Management	1. response time 2. follow up 3. internal controls 4. process improvement
Communication	1. for written and verbal 2. response time 3. follow-up 4. internal controls 5. completeness of information 6. courtesy 7. delivery methods 8. identify points of contact and contact numbers
Business Processes	1. response time 2. cycle time 3. certified professionals are used 4. accurate information

Chart 3.2-2 addresses customer service standards by type and requirement. Service standards have been deployed to all employees who are involved in meeting

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customer requirements. These standards consist of detailed objectives for each of our business practices and form an integral part of our customer management system. Performance measurement data, and customer and employee comments are evaluated to determine whether we are making timely progress towards our objectives.

Customer contact requirements are directed by regulations and policies. Specific requirements and expectations are identified during the performance of routine business processes, through formal written customer requests and feedback, and through other activities which involve direct communications with customers. Some of these activities include PMRs, MOAs, QALIs, Preaward Surveys, PQDRs, Contract Review, Technical Support to Negotiation, and Customer Response Cards.

Customer contact performance is improved in the following ways:

1. All of our customer contact employees have specialized career-path training. Forty of our customer contact personnel have taken customer relationship training - "How To's of Customer Service."
2. All employees have had direct and indirect refresher training and team briefings to emphasize and promote our service standards.
3. Military officers, who come from customer organizations, are rotated into key customer contact positions.
4. Customers provide on-site briefings to employees.

We place emphasis on business and technical training in order to be effective and responsive to customers needs.

3.2a(2) Describe the organization's complaint management process.

As part of the complaint management process, customers are contacted to provide any additional information necessary to identify problem cause and assure appropriate corrective action is taken.

Customer complaints are treated as a subset of overall customer feedback. Our feedback process, Part D of our Customer Management System, addresses both positive and negative (complaint) feedback. At DCMC Long Island, a central control point has been established in the Technical Assessment Group to record, track, analyze, and report customer feedback to the Performance Improvement Council on a regular basis. All feedback, whether positive or negative, is funneled to the central control point for input into the Customer Feedback Database. This database contains such information as the noted complaint, the person responsible for resolving the complaint, the associated CAS process, and the corrective actions taken. This enables customer complaints, as well as positive comments, to be aggregated and analyzed for use throughout the organization. Chart 3.2-3 depicts this Feedback Process.

3.2b Customer Satisfaction Determination

3.2b(1) How the Organization Follows Up With Customers.

Customer follow up for the purposes of resolving problems, designing and implementing improvements and building good customer relationships has been integrated into the customer response card, program integration, customer account, and customer feedback processes previously described in paragraphs 3.1a(2), 3.1a(3) and 3.2a(2).

Customer feedback is solicited on a transaction basis for delivered products through the use of the Customer Response Card Process. Rather than using a passive approach, we have implemented proactive steps to make this a valuable and aggressive program. We have developed a formalized follow-up process, a tickler file, to contact non-responsive customers. Additionally,

Chart 3.2-4 Customer Satisfaction Determination

Source	Description	Measurement Scale	Frequency
DCMC Customer Assessment Study (Focus)	1. Survey to determine the extent to which product & service expectations are met. 2. Survey to assess overall satisfaction with DCMC.	-5 to +5 0 to 10	1993 & 1994 Yearly
District Customer Support Surveys	Surveys of program managers and procuring officers to assess satisfaction with field office support	1 to 6	Quarterly
Customer Response Cards	Cards are attached to products soliciting feedback on overall satisfaction, timeliness, completeness and understandability.	1 to 6	With each product
Letters of Commendation and Appreciation	Copies of all letters are forwarded to operations support office for consolidation	Number of letters received	As received
Interactions With Customers	Interviews, meetings, briefings and taskings involving technical specialists, engineers and program integrators	None established	Daily

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we contact customers providing less than satisfied feedback. We track and analyze data to detect trends and to determine where improvements to our processes and standards should be made.

3.2b(2) Describe the customer satisfaction determination processes.

As previously described, DCMC Long Island has established a customer management program. This program reinforces the recognized need to be proactive in addressing customer needs; collecting and analyzing data; and determining courses of action.

Our local Customer Response Card Program has been enhanced to supplement the program established by Defense Contract Management Command (DCMC). Assigned product releasers and a database for tracking responses have been established. This allows us to follow-up when responses are not received, to monitor return rates, and to segment replies by customer. Customer response card replies are reviewed individually at the process and aggregate levels. Summary reports are issued monthly to team leaders and CAO management.

Program management reviews (PMR), customer letters of appreciation and informal contacts and meetings are also sources of customer feedback. PMRs and DCMC studies are used as sources for determination of both customer satisfaction and customer requirements. Examples of performance data collected and utilized as customer satisfaction measures are summarized in Chart 3.2-4.

3.2b(3) How the organization obtains objective and reliable information on customer satisfaction relative to its competitors.

We conduct comparative studies of customer satisfaction data available for other geographic CAOs in our district in order to identify best in class service providers. The source for this information is the District Customer Focus Team.

The Customer Response Cards provide us with independent assessments of how we are perceived by our customers. Results, shown in Item 7.1, can be segmented by customer group, and by primary service providers.

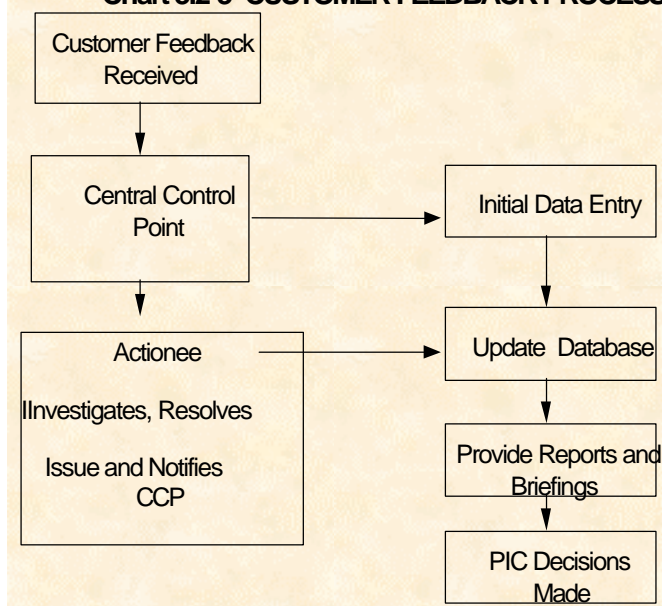
3.2c(1) How the organization builds loyalty, positive referral, and relationships with its customers.

(1) We have established Customer Accounts and Customer Account Managers to improve communications with our customers. (2) For those contracts that are program managed, we interface with our customers through Program Integrators (PI). In the course of doing business, PIs write MOAs with the buying activities that define the services we provide, and tailor these services to the customers' needs.

3.2c(2) How the organization's processes for providing access, determining customer satisfaction, and building relationships are evaluated, improved, and kept current with changing mission needs.

Changes in mission needs are generally dictated by Headquarters and flow down to DCMC Long Island through the District. Therefore, changes to our customer satisfaction program, especially in the area of the Customer Response Card Program, are not under our direct control. However, DCMC Long Island has created a link between Headquarters and the District through the development of our strategic plan. This important and dynamic tool provides the vehicle whereby the Customer Satisfaction Manager can propose methods to the Executive Steering Committee that relate to evaluating and improving our customer satisfaction processes, and determining changes in our customers' needs.

Chart 3.2-3 CUSTOMER FEEDBACK PROCESS



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4.0 Information and Analysis

4.1 Selection and Use of Information and Data

4.1a How information and data needed to support key organization processes and improve organization performance are selected, managed and used.

4.1a(1) Main Types of Data and Information.

The types of data and information processed by DCMC Long Island are based on the requirements derived from the key customer requirements and the key business processes identified in our overview and human resource requirements identified in category 5.0. The following Chart summarizes the main types of data and information as related to our business factors.

Chart 4.1-1 Summary of Types of Data & Information

Key Business Factors	Types of Data and Information
Customer	<ul style="list-style-type: none">• Segregation by Contracts, Dollar Value, Process, Complexity & Commodity• Satisfaction Ratings & Surveys• Customer Feedback
Our Organization	<ul style="list-style-type: none">• Surveys• Participation• Performance• Satisfaction
Mission	<ul style="list-style-type: none">• Accuracy• Timeliness• Customer Satisfaction Ratings
Business Environment	<ul style="list-style-type: none">• Cost Effectiveness• Accuracy• Timeliness
Supplier	<ul style="list-style-type: none">• Accuracy• Timeliness

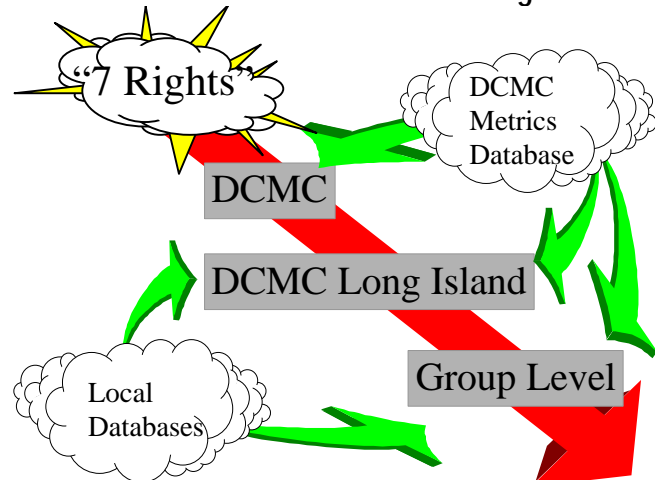
Chart 4.1-3 summarizes the data collection and database systems, both automated and non-automated. The chart shows the relationship of the information and data to our Key Customer Requirements:

4.1a(2) How information and data are deployed to users to assure alignment with key organization goals.

Performance Measurement is accomplished on a three tier basis within DCMC Long Island. The relationship of the three tiers is depicted in Chart 4.1-2.

The first tier aligns itself with those measurements the command has identified as priorities that DCMC Long Island must meet. These measures are mandatory for all organizations within DCMC. These are our key customer requirements, which have been dubbed the 7 Rights as described in the overview and summarized in the chart OV-6.

Chart 4.1-2 Performance Measurement Alignment



The second tier includes those measurements that align with the key processes we describe within this application. These processes are identified by the corporate directors and the process owners through the strategic planning process in Category 2.0 and are part of our Monthly Management Review (MMR), explained in Item 6.1b(2). We are currently driving the data down to the team level wherever possible, and distributing it across our Local Area Network (LAN) and intranet connections.

The third tier include those measurements that have been identified by first and second line managers as critical to managing the daily business of their teams or groups. These are primarily workload and those supplementary performance indicators needed to ensure that our CAO meets its goals and performance improvement.

Taken together, the three tiers ensure the alignment of operations at all levels with our organizational priorities.

4.1a(3) How key user requirements, including rapid access and reliability, are met.

Our CAO is serious about data integrity of the various databases described in Chart 4.1-3. This team effort requires diligence on the part of every member of the organization to ensure that key corporate databases are updated as current information is available. The databases identified in Chart 4.1-3 are updated on a continuous basis, summarized on a monthly basis through the DCMC Metric System, and reviewed during the MMR. The Technical Assessment Group performs a validation/review of the data with the process/data owners by comparing month to month variations, and through competitive comparisons. When the data show significant variations or when comparison data show gaps against key competitors, the area is highlighted to

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the Performance Improvement Council (PIC). Refer to Item 1.1a(2). Additionally, DCMDE performs database integrity checks using an independent team.

GAP: Institute a formal data integrity check process on DCMC Automated Metric System and MOCAS. QA-MIS and DCMC LI databases are verified yearly and monthly respectively.

OCR: DCMDE-GGTA

OPR: Jack Boyd

We assure rapid access to vital data by continuously upgrading the computer hardware, software and systems. We closely monitor server, LAN and Wide Area Network (WAN), and we are currently implementing an on-line trouble reporting system.

GAP: Finish implementation of trouble reporting system for MSO and install via internet.

OCR: MSO

OPR: MSO

User information and data needs are determined by the metrics we, select as an organization. Through our outreach efforts, our customers provide input regarding the products and services that are important to them, and directly contribute to the DCMC-selected metrics published in the DCMC Metrics Guidebook. The focus on value added to the customer is reflected in key customer requirements.

Customers, such as the Naval Air Systems Command and the Air Force Material Command, and suppliers such as DCAA are now requesting, and gaining, access to our legacy database, Mechanization Of Contract Administration Services (MOCAS), as technical issues are resolved.

DCMC is publishing the Contract Administration Services (CAS) Handbook on their World Wide Web home page to facilitate communication with our customers. Additionally, we have a web site, that provides our customers a direct connection to non-sensitive information and an additional means to interact with us.

GAP: Implement planned improvements to the Web. Specifically, interactive phone book, cage code to team, etc.

OCR: MSO

OPR: Capt. Stanley Schubel

4.1a(4) How information and data, their deployment, and effectiveness of use are evaluated, improved, and kept current with changing business needs.

DCMC Long Island capitalizes on the intellectual resources of the entire organization, our customers, and our headquarters to ensure effective and continually improving information and data.

GAP: Add to DCMC LI Metrics database planned improvements by TAG, e.g., FYTD analysis, access to all levels of employees, tie to PowerPoint briefings, etc.

OCR: GGTA

OPR: Mike Smorto

The MMR process is central to our evaluation of the deployment and effectiveness of information and data within DCMC Long Island. The MMR Process is described in item 4.3b. The purpose of each metric, as described in the DCMC Metrics Guidebook and augmented by those metrics identified internally by DCMC Long Island, is to drive continuous improvement of the processes that contribute to the production of our most important products

The customer response card program serves as one of our key methods of feedback from customers of the specific information and data that we provide. This feedback is also used to help us adjust and improve the information and data we provide. These data are used to determine what metrics will directly translate into customer satisfaction.

Given our geographically defined business area, every team has the potential to service any given customer. Recognizing that our customers view us as a monolithic entity, we established Customer Account Managers (CAMs). The CAM focuses on the needs and desires of a specific customer with the goal of delighting that customer with our service. The CAM has become an indispensable conduit of feedback from the customer. The CAM enables us to be proactive in assessing our customers needs.

We are the beneficiaries of headquarters review processes. These reviews bring the execution of our business processes into sharp focus.

These feedback processes constantly challenge and refine our capture, delivery, and deployment of information and data. We know that what works today does not necessarily meet the needs of tomorrow.

A vital source of internal feedback is the interaction of the Technical Assessment Group with the process owners. Through this vehicle, the data and information are adjusted via additional measures, deletions or further stratification of existing data.

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GAP: Update Process Owner list and define responsibility. Tie to metrics database.

OCR: GGO/GGL/GGT

OPR: GGTA (Mike Smorto)

Ad hoc data requests are covered by procedure whereby anyone in the organization who needs information or data for any purpose can request special reports. This vehicle helps our Technical Assessment Group determine if there are repetitive requests for similar data across the organization. This information is used to refine our data delivery system

4.2 Selection and Use of Comparative Information and Data

4.2a How comparative information and data are selected managed and used to improve the organization's overall performance and competitive position

4.2a(1) How needs and priorities for comparative data are determined

The metrics tracked in the MMR are determined by the key customer requirements and processes in our performance measurement plan. Most of the metrics are a part of the DCMC established metrics system that provides a powerful database for competitive comparisons. The needs and priorities for comparative data are an output of the PIC and MMR based on the analysis of the metric data.

4.2a(2) Criteria for seeking sources of appropriate information and data.

We leverage the investment made in the DCMC Metrics system. Heavy use is made of competitive comparisons against similar organizations and the best in DCMC.

In addition to the metrics required by DCMC, we collect data to satisfy specific requirements. Decisions are made to select and/or refine metrics tracking based on the performance of key business processes. These evaluations/improvements are ongoing. These internal metrics include workload measures, support process metrics and supplier process metrics which are not included in the DCMC Metrics database. Metrics are used to develop the MMR report which is presented, discussed and evaluated by the corporate directors.

4.2a(3) How information and data are used to set stretch targets and/or encourage performance breakthroughs.

Our goal is to be best in class. We gain insight to our performance through participation in the MMR process. The corporate directors set goals and stretch goals for processes through the MMR. We do this by reviewing current and past trends in the metrics and through competitive comparison data against the current best in class CAO. This includes reviewing the levels of the best in the command and using a gap analysis.

As part of the MMR process, competitive comparisons are made to all similar CAOs worldwide. These comparisons, through the DCMC Metrics Database, are used to set both our short and long term goals for our key processes, determine potential benchmarking partners, and validate data integrity. All teams and work groups have on-line connectivity to the system.

GAP: Update and Revise Performance Plan.

OCR: GGTA

OPR: Mike Smorto

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These comparisons are performed through a MIS (reference chart 4.1-2). Comparison data used in
Chart 4.1-3 Key Databases/Systems Correlation

"Right" Measure	Process	Data Source	Description	Reference Chart
Right Item Right Time Right Advice	Product & Manufacturing Assurance	MOCAS QA MIS <i>Quality Assurance Management Information System</i>	Records contract requirements, all quality assurance specialists' assignments and certification and contractor quality performance	7.2-1
	Delivery Surveillance	MOCAS		7.2-1
Right Price Right Advice	Proposal Analysis & Negotiation Delivery Surveillance	PCR Pricing Case Register MOCAS	Tracks all requests for proposal analysis with dates and assignments	7.2-1
Right Advice	Preaward Survey	PASS <i>Preaward Survey System</i>	Transaction processing system to produce reports of potential contractor responsibility.	7.2-1
	Program Integration	PSR <i>Program Status Report</i>	Records status of the major programs with program integration requirements established with our customers	7.2-1
	Contract Close-out	MOCAS		7.2-1
Right Reception	Customer Response Cards	Manual Collection & Computer Based Tracking	Solicit, receive and analyze how well we are meeting customer needs..	7.1-1 thru -5
Right Efficiency		DADS DCMC <i>Automated Disposition System</i>	Records data for all plant clearance actions for government property.	7.2-1
		DPADS DCMC <i>Property Administration Data System</i>	Records all contractor property systems reviewed with status, deficiencies, and upcoming schedules	7.2-1
	Management Support Processes	Manual Collection & Computer Based Tracking	Record keeping of support processes	7.5-4 thru -10
	Unit Cost/PLAS	APCAPS <i>Automated Payroll Cost Accounting Personnel System</i>	Used by timekeepers and supervisors to record/certify hours worked for payroll purposes by unit cost code	N/A
		PLAS <i>Performance Labor Accounting System</i>	Stores work activity data for each employee by process and program code.	7.5-7
	Return on Investment	Manual Collection & Computer Based Tracking	Statistics of organization's success in cost savings and avoidance activities by team and category	7.2-2, 7.2-3
	Reimbursables	DCARRS <i>Defense Contract Administration Reimbursable Reporting System</i>	Record keeping system to track reimbursable hours and used by reimbursable monitor to record hours spent on non-DoD contracts for reimbursement	7.5-3
	Operational Costs	Manual Collection & Computer Based Tracking	Track expenditures related to operations	7.5-2
Right Talent	Human Resources	Manual Collection & Computer Based Tracking		7.3-2 thru -7
		DBMS <i>Defense Business Management System</i>	Tracks individual training and training requirements	7.3-8, 7.3-9
Right Efficiency	Government Agencies	PCR MOCAS		N/A
	Non-Government	Manual Collection & Computer Based Tracking		N/A

two phase approach. The first phase is to compare

GAP: Tie in internet Impromptu CAO comparison data to DCMC LI Metric Database. Will need to add a network drop line to Commanders Conference room.

OCR: GGTA/GGF

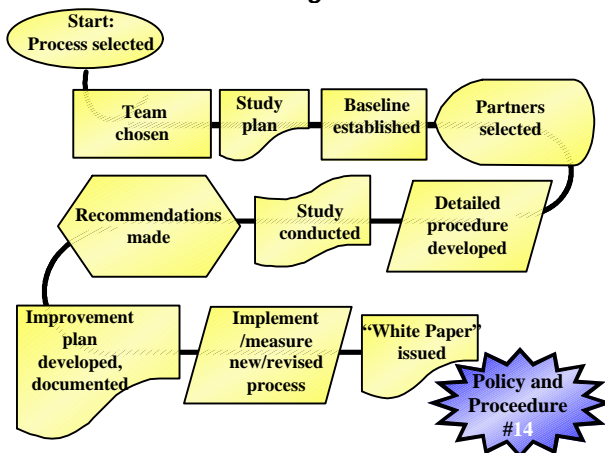
OPR: Mike Smorto/Joe Pisano

category 7 are all generated through the use of the DCMC Metrics Database. Additionally, we are beginning to explore non-traditional data sources through access to the Internet. We have found myriad information describing other organizations processes and systems that can be considered. These are being reviewed and potential contacts passed to the benchmarking team.

against all geographic CAOs in the command. The second phase is a comparison against those geographic CAOs that have product commodity mixes similar to our own, i.e., high tech, mechanical. This mix is obtained through an analysis of the data obtained through the QA-

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Chart 4.2-1 Benchmarking Plan and Process



Similarly, benchmarking information developed either locally or by external sources (accessible in publications such as National Performance Review study reports, and via the WWW and the Internet) is used to evaluate and improve data selection and use in order to improve organizational performance. Policy and Procedure #14, summarized in chart 4.2-1, describes our benchmarking approach and plan. Several informal benchmarking investigations have been used to determine potential improvements to our processes.

GAP: Use Internet to find benchmarking and additional competitive data from other sources without actually going out and doing a formal benchmark study.

OCR: GGTA

OPR: PAT TEAM

4.2a(4) How comparative information and data, their deployment, and effectiveness of use are evaluated, improved, and kept current with changing business needs.

Through the MMR process, we select and evaluate process performance.

Our relationship to our customers and our suppliers/partners is not naturally occurring. We are a regulation-prescribed service provider with geographically defined boundaries. We function as consultants, advisors, and technical experts. While our processes are similar to commercial activities our business operating environment and our opportunities for competitive comparisons are limited to like organizations. As part of the MMR process, competitive comparisons are made to all similar CAOs. These comparisons, through the DCMC Metrics Database, are used to set both our short and long term goals for our key processes, determine potential benchmarking

partners, and to validate data integrity. All teams and work groups have on-line connectivity to the system.

4.3 Analysis and review of organization performance

4.3a How the organization analyzes and reviews overall performance to assess progress relative to plans and to identify key areas for improvement.

Chart 4.3-1 summarizes the key categories of analysis that we engage in and their inter-relationships. The chart also references the corresponding charts in category 7 illustrating these analyses. Chart 4.1-3 summarizes the data sources used to achieve analysis results.

4.3a(1) Customer related performance.

Customer data are derived from various sources such as the DCMC Customer Assessment Study Report, program reviews with our customers and customer surveys (written and telephonic). Since all levels of the organization deal with our customers in some way, we employ multifunctional teams and a formal customer response card process to integrate and analyze customer-related data, which are included in the review and analysis report. Occasionally, a tiger team is formed to solve a customer-related issue.

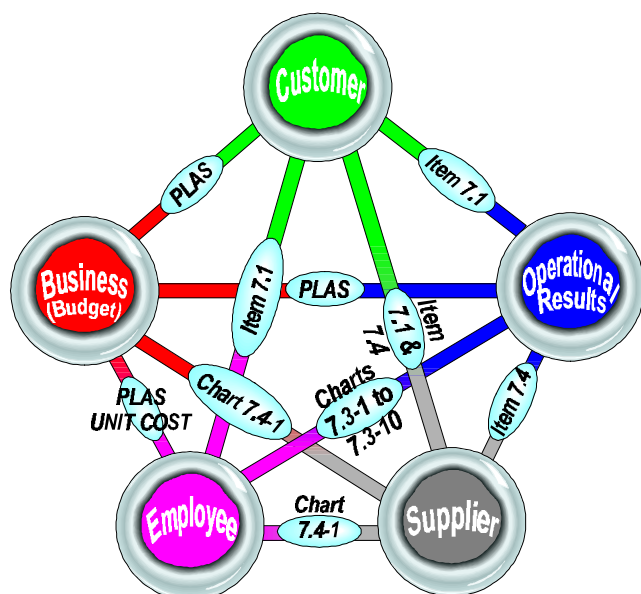
GAP: Continue with PAT to examine other sources of customer satisfaction input.

OCR: GGOB/GGTA

OPR: Carl Kanciruk/Carol Reilly

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Chart 4.3-1 Organizational Level Data Inter-Relationships



4.3a(2) Operational performance

The most comprehensive method employed to gain an understanding of operational performance and organization capability is via the MMR described in paragraph 4.2a(3) and chart 6.1-2. In addition, other requirements lead to a variety of forums established to gather, integrate and analyze data as shown in Charts 4.3-2a and b. The Performance Improvement Council (PIC) was established to review and evaluate first level performance measures. The PIC provides recommended improvements to the Executive Steering Council (ESC) through the MMR process described in item 4.2a(3) and detailed in Chart 6.1-2. The PIC is comprised of the Team Leaders (stakeholders) and chaired by the Assistant Group Leaders.

4.3a(3) Competitive performance

Our headquarters provides a resource for competitive comparisons of our performance with all other organizations within DCMC. Through analysis performed by the Technical Assessment Group, we are able to measure our performance in context with like organizations. The corporate directors review the analysis, looking for opportunities to make significant improvements through the MMR.

4.3a(4) Financial and market-related performance

The inter-relationship of budget indicators to other categories is shown in Chart 4.3-1.

One of the key financial indicators of our performance is the return on investment dollars (ROI) reflecting the cost savings and cost avoidance directly attributed to our actions. ROI is a measure of our organizational effectiveness. These data are aggregated monthly by the Technical Assessment Group and distributed to the Operations Teams for information. See Charts 7.2-2 and 7.2-3. Additionally, a trend analysis is accomplished and is presented to corporate directors for business decisions.

GAP: Implement PLAS/Unit Cost Analysis and tie to MMR.

OCR: Mike Smorto

OPR: Pat Matura

4.3b Review of organization performance.

4.3b(1) How organization performance and capabilities are reviewed to assess progress relative to goals, plans, and changing business needs.

Leadership regularly reviews quality and operational performance. Key business processes and customer requirements determine the types of reviews. They use information derived from customer and business results shown in Category 7 and the processes described in Category 6. The corporate directors and union representatives regularly assess performance based on reviews, and improve processes as a result of these reviews. Examples of these reviews are shown in Chart 1.1-6. They enable us to focus on key customer requirements.

DCMC Long Island has developed and implemented a strategic/performance plan which incorporates findings from external and internal reviews, and sets priorities for future improvements based on key customer and stakeholder needs and expectations. See Item 2.1 for more detail.

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Chart 4.3-2 a. Summary of Key Analysis -- *Understanding Our Customers*

Results of Analysis	Forum	Sources of Data
Key Customer Requirements (refer to category 6)	Corporate Directors	DCMC Customer Assessment Study, product quality deficiency reports, customer response card results
Identification of high-risk contractors	Contractor Alert List	MOCAS, Dunn & Bradstreet; Production & Manufacturing Assurance insight, legal
Resolution of customer-related problems	Tiger teams	Customer response card results, functional specialist reports, program support team reports, direct customer input

Chart 4.3-2 b. Summary of Key Analysis -- *Understanding Operational Performance and Organization Capabilities*

Results of Analysis	Forum	Sources of Data
Rightsizing the (refer to Chart 7.3-11)	Senior leadership and union	PLAS, database reports (automated)
Balanced workload distribution	Operations Group	Database reports (automated), functional specialists
Improved product quality deficiency report processing time (Chart 7.2-1)	Process team action	DCMC Customer Assessment Study, customer response card results, monitor's records, functional specialists
Improved revised delivery forecast coverage (refer to Chart 7.2-1)	Tiger team	Database reports (automated), functional specialists
Improved contract close-out percentages (refer to Chart 7.2-1)	Process team action	Database reports (automated), functional specialists, DCMC Customer Assessment Study



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5.0 Human Resource Focus

DCMC Long Island leadership believes that its most important asset is its employees. Our continued success is a direct result of our people, who are highly competent, motivated and dedicated. By creating an environment in which each employee can achieve his or her potential, we support our goal of delivering premier customer service and future personal and organizational growth, and improving the quality of our services. See Item 2.2 for linkage to our human resource plan.

5.1 Work Systems

5.1a Work and job design

5.1a(1) Opportunities and self directed responsibility in designing, managing, and improving processes:

We encourage employee decision making and empower our people to develop and retain a quality workforce. This creates greater flexibility in the job, improves communication among the multi-functional teams, and initiates opportunities toward high performance by the self-managed action teams we establish. Such teams work to: create and revitalize employee recognition awards; enhance and strengthen the employee ideas program; determine “best practices” for delivery notification; create a user friendly Strategic/Performance Plan; create Procurement Contracting Officer input procedure; and set up a modern computer training room.

A systematic approach to involving and utilizing employee input to improve the workplace is the Internal Customer Program - (ICP). The key to the ICP is an extensive employee survey to collect and measure employee opinions about their work, their supervision and senior leadership, business support systems, organizational culture, and opportunities for personal development. The results of this newly developed survey are being analyzed at this time. The top two areas for improvement will be recognized; focus groups established; and action plans devised and implemented.

Our leadership strongly encourages employees to participate in the DCMC Mid-Level Development Program. This program's main focus is on developing highly motivated and talented individuals into the future leaders of our organization. We have five graduates to date, and one currently in the program. We utilize their

newly acquired skills, out-of-the-box ideas and innovative thinking and leadership skills, and incorporate them into new ways of doing business. Their ideas are shared with the workforce, motivating and encouraging other employees to apply for this innovative and rewarding program.

Based on results of a rewards and recognition

We need to be in a more proactive mode rather than a reactive mode regarding improvement opportunities. There are a number of issues we are looking into. A satellite dish will be installed sometime in June 98 which will allow groups of students to view distant learning programs. The majority of the programs will be work-related and will provide a savings of travel dollars. Our biggest problem is obtaining funds for travel. Air time for the course will be DLA funded. It is also more convenient for our workforce since the classroom is on-site rather than a DAU off-site facility. The employee does not have to be away from his/her home. This will increase the percentage of participation in required courses.

customer satisfaction survey, our Rewards and Recognition (R&R) team (non-supervisory, multi-functional), developed several new initiatives. First a process action team was formed to develop a program for managers on sensitivity training. The process action team also recommended that managers become innovative in the forms of reward, recognition and compensation given to employees

To motivate and improve employee performance, we developed a “Peer Award,” a non-monetary time off award. Employees are empowered to nominate peers they feel deserve recognition for servicing them or the organization. The R&R team is responsible for selecting the winners and hosting the quarterly award ceremonies. Grievances, mishaps and absenteeism are also used to assess employee well-being. Trend results are shown in Charts 7.3-2 to 7.3-4.

5.1a(2) Foster flexibility and rapid response to current and changing requirements.

Beginning with the advent of Total Quality Management principles, we created an environment where all employees were encouraged to work as teams regardless of functional expertise. This is evident in the

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resolution of customer concerns as well as internal organizational goals.

As we continue to downsize and streamline our organization, we are more proactive in placing employees in positions which provide the most value to the customer. Employees are chosen for reassignment based on their job experiences and technical certifications. Our strategic plan includes a task to perform a skills imbalance study which will identify the skills imbalances, and make recommendations to retrain and/or reassign personnel.

We encourage our employees to become actively involved and strive to include them in all aspects of our processes.

5.1a(3) Ensure effective communications across functions or units

In September 1994, we restructured into multi-functional teams. This change has broken down barriers and improved communication between team members as well as customers and suppliers. This change has resulted in improved customer interfacing.

Our leadership system is actively involved in ensuring that communication is an effective, on-going and a continuing process. Refer to Chart 1.1-4 for method and frequency of communication as shown earlier. As an example, when job opportunities are e-mailed to the workforce, they are also put into a shared electronic folder which any interested individual can review. This allows each employee to access them from their desk. Since 35% of our people are located in the field, it is imperative that information is transmitted effectively to them. This is accomplished through telephone, faxes and electronic mail.

Leadership has also incorporated Public Folders for the five councils implemented at DCMC Long Island. An employee is able to go into his/her personal computer and view the minutes of the ESC, PIC, USA, Labor Management and Human Resource meetings. This way of communicating, enhances teamwork and gives the workforce a feeling of being part of an organization.

We continue to encourage innovation through our "IDEAS" Program. An employee can share his/her ideas on improving work processes, reduce waste, and increase customer satisfaction with the organization. We have chartered a multi-functional ideas team to enhance and strengthen the program. To date FY97, we have received 26 ideas. By comparison in FY96, 16 ideas were received for the entire year. This is the result of

Chart 5.1 Types of Employee Recognition

Formal Types	Informal Types
Sustained Superior Performance	Say "Thank You"
Quality Step Increase	Letters of Appreciation
Special Act	Birthday Notes
Time Off	Unit Award Pins
Commendable Service Medal	Other- cups, pins, pens
Commander's Excellence	
Distinguished Service Medal	
On-the-Spots	
Peer Award	
Ideas Award	
Team Award	

team effort to reduce the processing time it takes to evaluate ideas, as well as change the criteria of the program. This is linked to increasing empowerment, responsibility and recognizing accomplishments as stated in our strategic plan.

Charts 3.2-1 and 3.2-2 identify how we ensure effective communications with our customers.

5.1b Compensation and recognition approaches.

We maintain a balance between team and individual awards. Our rewards and recognition program goal is to enhance team spirit while contributing to the success of the organization. Our CAO recognizes and rewards individuals and teams through various means. Refer to Chart 5.1.

To reinforce the effectiveness of work and job design, we encourage our people to be innovative, display leadership, be creative in decision making, and participate in promoting continuous process improvements. Team performance awards play an important role in encouraging employees to contribute towards the excellence of our organization, such as: developing a user friendly Strategic Plan; alpha processes; common process initiatives; performance standards; transition moves; databases; and an environmental support team.

To enhance our reward system, and further encourage our employees to achieve high performance objectives, we have developed a quarterly "Peer Recognition" award.

We sponsor a Unit Self Assessment (USA) contest whereby employees display their knowledge of the annual Unit Self Assessment package. Awards were given to the teams with the most participation, and to individuals with the highest scores.

We have also created the "Road Runner Award." This award recognizes DCMC Long Island employees for focusing on expeditious customer service and service accomplished in innovative ways. Refer to Item 3.2.

Besides the Peer Award, the Rewards and Recognition Committee established other ways to reward innovatively such as You're In Good Company Award-(best of the Peers); Life Saver Award-(a little help); You Make a Difference Award-(best supervisor); ABCD Award-(act of kindness); and the Wall of Fame Award-(pictures on the wall). We have the Public "Thank You" which is a flip chart located in the kitchen. Anyone can just jot down a one-liner, who the person is, the reason why, and who it's from. This is another little way of recognizing an individual for a job well done.

5.2 Employee Education, Training and Development

5.2a Employee education training and development

5.2a(1) How education and training address organization's key performance plans and needs: To meet the goals of our organization and our customers, education and training needs are determined by job and skills analysis through the Individual Development Plans (IDPs). This analysis considers the employee individual developmental needs as well as our organizational needs, which are defined by our key customer requirements.

We are committed to ensuring that all employees have the tools and the knowledge necessary to perform their jobs. This strategy is integrated in both our strategic and human resource goals. Our organization considers its training program a benefit to the employees' development and a long-term investment for the organization's future.

As a result of our annual unit self-assessment, we have identified this area for growth. To systematically evaluate and improve training relating to operational performance, six months after completion of the initial training, a follow-up evaluation is conducted and compared to previously obtained survey results. Both supervisor and employee assess the adequacy of the training for improvements in operational performance. Assessments by the supervisor, employee, and training coordinator may lead to recommended changes in the content/design, or delivery of course material, or a revision to the employee's individual development plan to reflect more realistic goals. The effective return on

investment the organization receives from investing in training is through improved career development opportunities and greater potential for handling complex tasks assessed through employee performance evaluations and annual individual development planning.

Today's business climate requires a workforce which is responsive to rapid technological innovation and information intensive work environments. We have implemented a software application and installed it on all the computers so employees can use it as a self-paced learning tool.

The employee and supervisor jointly prepare individual development plans on an annual basis. The individual development plan identifies current, future and unique individual development requirements. It also serves as a vehicle to improve an employee's performance. Our CAO utilizes training as a means to improve performance; develop and cultivate new talent; achieve our strategic and human resource goals; and focus on key performance objectives of the organization.

5.2a(2) How education and training are designed to support organization's work system:

The Individual Development Plan (IDP) is a written career management plan completed by the employee in conjunction with the supervisor. The IDP seeks to link the individual's career desires with organizational needs. It identifies short and long term career goals along with the training and education needed to accomplish them. The IDPs assist our employees in their development, provide the Defense Business Management System with information for course planning, and assist the supervisors as career mentors/coaches. This assures a proactive approach to placing employees in positions providing the most value to the customer and DCMC mission. When a job description is changed or enhanced, the IDP is updated to reflect the addition or deletion of training requirements.

Changes in federal law and Department of Defense guidance have redefined our standards for training and career development. As a result of the Defense Acquisition Workforce Improvement Act (DAWIA), we have a framework for progression in the professional and acquisition series. The percentage of our workforce certified under DAWIA is shown in Chart 7.3-8.

5.2a(3) How education and training are delivered.

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Education is delivered via three methods: 1) formal, 2) specialized and 3) informal. For # 1, acquisition workforce and product commodity certification courses are delivered through formal classes. These classes are either taught on-site with a visiting instructor or else the employee is sent to the training location. We have also used colleges, both local or out of state, to deliver formal education to our employees. Based on a needs analysis, one of our employees required a highly technical material sciences course. The appropriate education course was located at a college in the state of Kansas. For # 2, we contract with numerous seminar training organizations in order to provide specialized courses such as stress management, conflict resolution, et al. For # 3, our CAO uses our own employees who are DCMC certified in certain skills and are able to provide classroom training. Training is also delivered using on-the-job training (OJT).

We have a mentoring program whereby a newly certified employee works closely with an experienced person in that field for a week; (i.e. Commodities QAR - software, clothing and textile, optics, and non-destructive testing).

OJT is used when a training need is identified based on a needs analysis, whereas, mentoring is used to develop an employees' skills and abilities.

An approach we use to conduct a needs analysis for DCMC Long Island is since "future" needs analysis are performed by DCMDE; the "current" needs are performed by the training coordinators and team leaders; using the IDP as a tool for ensuring skills required to perform their work. These IDPs are completed by both the supervisor and employee and are routinely assessed, monitored, and maintained. The Strategic Plan ties into both our future and current needs; identifying training needs and providing opportunities to ensure our workforce is able to function in expanding roles within the changing DCMC environment.

5.2a(4) How knowledge and skills are reinforced.

Knowledge and skills are reinforced by the evaluation surveys analyzed by the training coordinators and supervisors. We then can determine if the training was cost effective, useful to the employee, or if course improvement is needed.

The talents and skills of the mid-level development program graduates are used for important initiatives in the organization, including mentoring, new business development, Performance Labor Accounting System,

unit self-assessment and pre-delivery surveillance benchmarking.

5.2a(5) How education and training are evaluated and improved.

Analysis of our training and education is both continuous and systematic. After completion of training, each employee is requested to critique the instruction for the quality, contents and effectiveness of the training. The employee submits this information to the supervisor for comments and evaluation. The supervisor then provides the information to the training coordinator for review and evaluation, who then forwards it to headquarters. The outcome of the evaluations determines cost effectiveness and highlights the knowledge and skills acquired. Evaluations are distributed to all seminar, training, and workshop participants. The feedback defines the improvements needed to improve employee satisfaction. A six-month follow up evaluation is also conducted.

Cumulative evaluation of training to provide impact on work unit performance and effectiveness of meeting organizational goals needs to be coordinated and controlled. Effective immediately, the six-month evaluation forms completed by the student and supervisor will be forwarded to the training coordinators, who will forward to the district. Previously, the forms were sent directly to the district from the supervisor. Before forwarding the evaluation forms, the training coordinators will determine effectiveness of the training performed. This will also be accomplished by internal training held on site.

5.3 Employee Well-Being and Satisfaction

5.3a Work environment.

We continually emphasize the importance of employee well-being and safety in an office environment. This is evident by the ongoing effort of our safety team. At the present time, there are no health/safety citations against our organization. This team analyzes sources of employee concerns. For example, the specialized safety officer conducted a survey of all quality assurance representative duty station offices and assessed their working conditions to assure they were afforded the necessary safety equipment to perform assigned duties.

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Additional safety equipment was provided, and is readily available to them such as safety shoes, eyeglasses and clothing. Our safety team meets with management and the workforce as needed, to analyze employee concerns and works to resolve the problems. We recognize the importance that good working conditions are conducive to high employee morale. A systematic process has been developed to document and resolve safety issues and mishaps. Below are the four steps used by the team to resolve safety problems.

1. Mishap report received in house/from field
2. Area reviewed and assessed
3. Team coordinates with landlord
4. Problem corrected or resolved

Additionally, our organization actively solicits employee concerns and ideas regarding the quality of life at our CAO through the use of internal surveys. As a result, we have installed new heating, ventilation and air conditioning systems, an entire new roof, a new fire prevention sprinkler system, new lavatories, new windows, electric doors were installed in the front entrance to provide easy entry and exit for our physically-challenged employees and a staircase wheelchair lift. In addition to above, we have also undertaken a professional air sampling survey to assure that the quality of the air circulating within the organization, meets or exceeds the highest industry standards. We have a certified Industrial Hygienist (CIH) on board at the district for consultation and visits. When our Environmental Protection Specialist was on board, she guided the community on environmental issues such as housing with asbestos and lead based paint, pest management, and underground storage. Our Property Administrators assisted in disposal of 100 refrigerators from military housing

5.3b Employee support services.

5.3b(1) Organization Services, Benefits and Actions to Support Employees:

Our CAO provides its most valuable asset, our people, with a safe and clean workplace. Listed below are several of our quality-of-life initiatives:

- We have a certified CPR instructor and one certified CPR technician for every 25 employees. The list of trained CPR personnel is posted throughout our CAO. Since 35% of our workforce is stationed in the

field, one-third of the CPR volunteers are field office employees.

- Two special emergency evacuation chairs were purchased and installed to allow evacuation of injured employees if necessary.
- Family Leave Program - when our people can take leave to care for a family member.
- Our CAO utilizes a voluntary leave transfer program. This program allows employees to donate vacation time to a fellow employee who is out of work for an extended period and has no sick leave to cover this time. Over 1300 hours were donated for our people as well as raising over \$2,400 through cake sales to assist them financially.
- For our hearing impaired employees, interpreter services are available for training and meetings. We installed a telecommunications devices for the deaf phone system.
- Sixty percent of our workforce currently participates in eight types of flexible work schedules available to meet their needs.
- We installed a suggestion/ideas box to solicit employees recommendations and comments regarding the quality of life at our CAO:
a) not only react to our employees concerns; b) but anticipate them before they occur.

The data is reviewed and analyzed by corporate directors and incorporated into our business and human resource planning sessions.

- During open season for health care enrollment, we sponsor a Health Fair so that employees can talk directly to health care providers brought on-site, to discuss and shop around for a more compatible plan to fit their personal needs.
- We have sponsored presentations regarding self defense, rape, breast cancer awareness, stress reduction, financial planning, violence in the workplace, and office security. We invite employees from other offices located in the area to attend.
- Over 60% of our workforce is enrolled in a local credit union providing over 40 types of services.
- Financial Planning Seminars held on-site
- We're in the process of creating a DCMC Long Island Greatest Recipes Book to be distributed on the favorite recipes of the DCMC Long Island employees

We maintain a safe, healthful work environment by:

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- Subscribing to crime prevention and nutrition newsletter.
- Weight Watchers At Work Programs
- Workout facility on site
- Aerobics at lunchtime
- Annual Healthscreenings on site
- Annual mammogram screenings on site
- Annual flu shots
- Health walks
- Health luncheons
- Water coolers installed

Additionally, our organization has performed a competitive comparison with two other similar providers located within our geographical area which determined DCMC Long Island offered more satisfying programs. Chart 5.2 lists the special services, facilities, activities and opportunities we make available to our employees to enhance and support the overall well-being and satisfaction of its workforce. These programs we offer our people are linked to our Quality of Life in the strategic plan. Internal customer surveys are the primary tool we use to collect data to help us plan and implement improvements to our well-being processes.

5.3b(2) - Encourage and Motivate Employees:

DCMC Long Island's success in improving performance depends on the skills and motivation of our people such as offering more classes on-site through the newly installed satellite broadcasts. We have a number of people who are trained as "trainers" and have held training sessions on-site such as DD250 training for the contractor as well, ISO 9000, and defensive driving. Besides being cost-effective, opportunities to learn new skills on-site enables continuous growth which is a key factor to motivation. DCMC Long Island solicits ideas and recommendations

from the people, giving them an opportunity to display their knowledge and expertise. This is obvious by the number of successful process action teams and committees in effect which enable employees to exercise decision making techniques, innovative ideas, as well as knowledge and skills sharing.

5.3c Employee Satisfaction

5.3c(1) Key factors affecting well being.

By taking a proactive approach, we are always seeking new and improved ways to accommodate our employee's well-being. Therefore, we continuously request and receive recommendations on desired employee assistance programs. We have on a number of occasions, offered our assistance programs to other offices to incorporate into their own plan, as well as invite them to participate in our programs.

As DOD has downsized, so have we. Through the assistance of our corporate directors and DCMDE, we provided employees an opportunity to retire and resign with incentive pay. We also offered individuals an opportunity to relocate to other parts of the country with a high success rate.

As shown in 7.3-10 on Personnel Reduction, we have lost 219 employees since 1991. Even though the employee level reduced dramatically, the workload trends decreased only slightly. Employee-related data such as turnover, grievances, safety, recognition and training are shown in category 7.3 and is collected and evaluated at the monthly MMR meetings. This allows us to look for ways to improve our human resource strategies and plans.

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DCMC Long Island goals for employee well-being factors such as safety, health, diversity, and ergonomics will be noted in Category 7 to study level of performance of the sick leave, grievances, safety mishaps, and recognition.

Our organization makes every effort to ensure our employee's satisfaction, well-being and motivation. To foster this environment, the commander and the deputy offer an open-door policy where the people are able to speak to the Commander or Deputy on an informal basis on concerns they may have.

At this time, our organization is experiencing downsizing and budgetary constraints. The corporate directors and union local 2567 are working vigorously to minimize the number of personnel affected; as well as offering our people voluntary relocation and early retirement incentives to save jobs. We collect data on personnel turnover to assure that our manpower requirements meet our current and future organizational requirements. Refer to Chart 7.3-10.

5.3c(2) How the organization relates to well being.

The primary vehicle for determining employee satisfaction, well-being and motivation are the surveys we perform. We survey our employees throughout the year. These include empowerment, leadership, recognition and awards, quality of life, and safety and health issues. We developed an employee exit survey for employees when they leave the organization.

In order to maintain trust between the corporate directors and the workforce, it is important that the surveys be analyzed and feedback given to the participants of the survey. Over the years, we have compared our survey results. These results assisted our CAO in satisfying the workforce to the best of its ability, while continuously looking for ways of improving. For motivation and high performance, our organization made significant improvements to our system as a result of these annual surveys, such as training all supervisors on the awards program, creating unique-type awards, healthier snacks in the vending machines, lunchroom availability, dress-down days, nutrition newsletter, health-type screenings, career-enhancement opportunities, financial planning assistance, wellness programs and crime prevention library.

Chart 5.2 - Employee Support and Assistance Programs

Programs	MC .I.	CAO A	CAO B
Aerobics	X		
Blood Drive	X	X	X
Civilian Welfare Council	X	X	X
Flexitime	X	X	X
CPR	X	X	X
Credit Union	X	X	X
Crime Prevent Library	X		
Defensive Driving	X		X
Discount Tickets	X	X	X
Driver's License Renewal Service	X		
Family Picnic	X	X	X
Employee Ass't Program	X		
Federal Women's Program	X	X	X
Health Screenings	X	X	X
Mammograms	X		
Nutrition Info	X		
Sign Language	X		
Special Occasion Functions	X		
Stop Smoking	X		X
Suggestion Box	X	X	X
Training Room	X		
Leave Donations	X		X
Weight Watchers	X		

Although pay and job security are strong factors in satisfaction, a very important indication of our employee well-being is the dramatic decrease in union grievances, refer to Chart 7.3-2. This is a direct result of the deep sense of commitment of our corporate directors and the union. As result of this relationship, our organization is able to resolve issues before they become major problems.

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6.0 Process Management

6.1 Management of product and service processes

As detailed in the overview, the “7 Rights” define the DCMC key customer requirements. These “Rights” are defined through the top level metrics and associated feeder metrics which, in turn, are related to key business processes. The chart on page iv of the overview provides a cross-matrix of the DCMC “7 Rights” to our key processes discussed in this category.

6.1a Design processes.

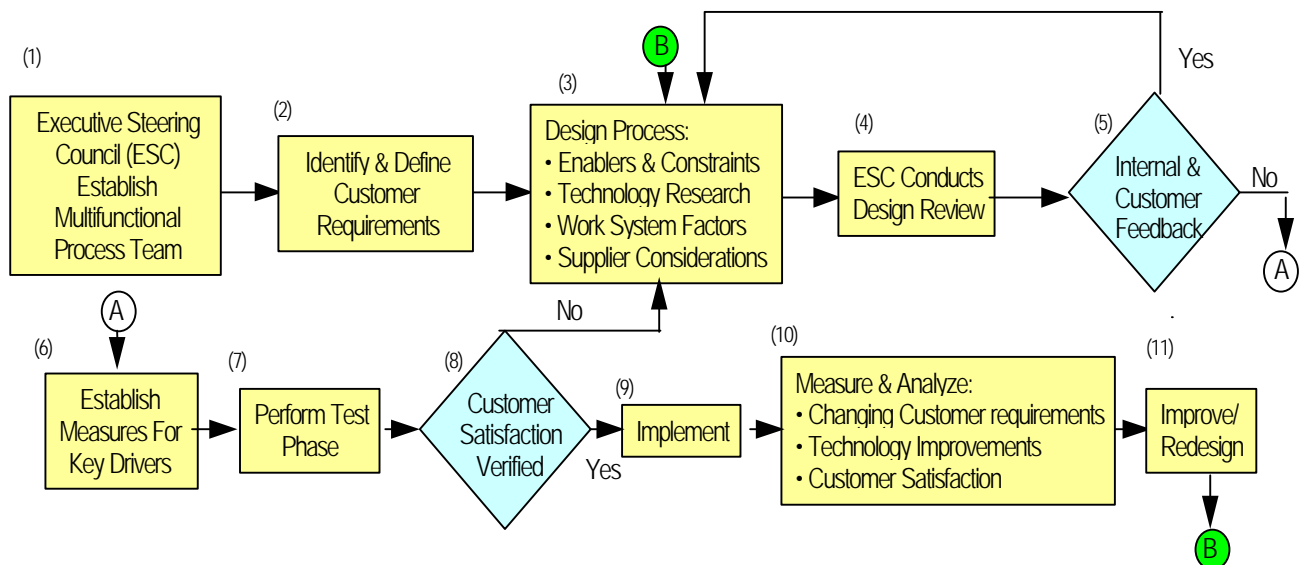
6.1a(1) *How changing customer requirements and technology are incorporated into product and service designs.*

All of our processes including Support Processes, Supplier and Partnering Processes and Production/Delivery Processes go through a design/modification cycle that is shown pictorially in chart 6.1-1. The design process starts with the establishment of a multifunctional process design team. The members of this team include the process owner of the related process, internal and external customers as appropriate and other employees who can contribute ideas. A key aspect of this process is the involvement of the customer in our process designs. Their involvement

is reflected in blocks (2), (5), (8), and (10) of the process chart. An integral part of our design process is the continuous monitoring of customer satisfaction and comparisons of measured results of our processes to expected results. Through this monitoring, we determine whether our processes are fulfilling the requirements of our customers. We use various methods to assess our performance against our customer requirements. Key among them are the DCMC Customer Assessment Studies, our Customer Response Card and Customer Feedback Processes described in Category 3. We also use face to face contacts with our customers as an opportunity to determine if there are any new or changing requirements that we should be aware of to adjust our processes to conform with the customers changing requirements. Once a need for change is determined, we develop and implement it using the same process as defined in chart 6.1-1.

We have also empowered our employees to continually seek new and innovative ways to improve our products and services, either through alternate uses of existing technology or taking advantage of new technology. Improvements resulting from technology changes are also incorporated using the process defined in chart 6.1-1.

Process Design/Improvement Cycle



Applicable To: 6.1b, Production/Delivery Processes
6.2, Support Processes
6.3, Supplier & Partnering Processes

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Chart 6.1-1

6.1a(2) How production/delivery processes are designed to meet quality and operational performance requirements.

The design of production/delivery processes utilizes the same approach as our design of new processes described in chart 6.1-1. The key process elements for meeting quality and operational performance requirements lie in the identification and definition of customer requirements, step [2] in chart 6.1-1, the establishment of measures for the key drivers, step [6] in the chart, and the performance measures taken and analyzed against our performance and quality requirements, step [10] in the chart. Our performance metrics, as defined in item 4.1a(2), are then reviewed for success by our Performance Improvement Council and subsequently by our Corporate Directors during monthly management reviews. Any changes suggested from these reviews are then incorporated into the process using the system defined in chart 6.1-1. Our Monthly Management Review (MMR) process is defined in Chart 6.1-2.

6.1a(3) How design and production/delivery processes are coordinated.

After a multifunctional team has completed the design of a new process, a formal design review is conducted to present the new process to the Executive Steering Council (ESC) and representative customers. Attendees of the design review ask probing questions to the design team to ensure that the team has a full understanding of the process goals and has performed an in-depth risk assessment. During this review, comparisons are made to prior process designs in order to appraise the likelihood of success of the new design approach.

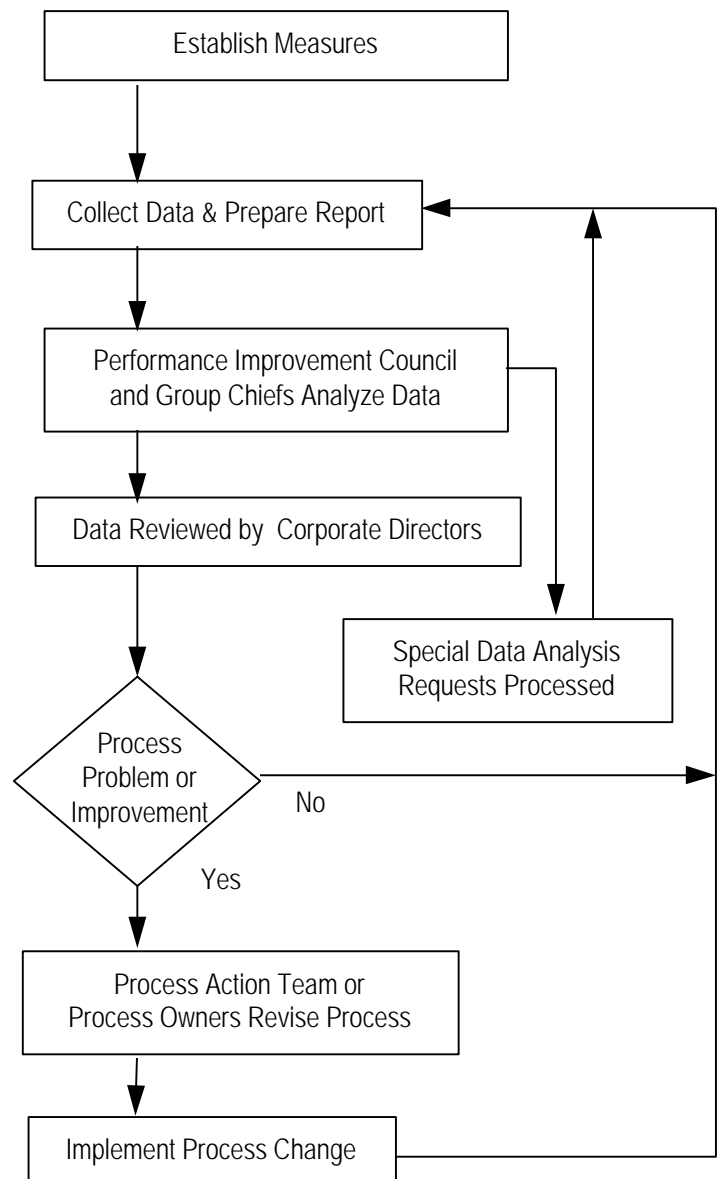
Once the formal review process is completed, the ESC decides whether the process can be released to all users or whether a special pilot team should be utilized to test the process. The pilot team approach is utilized when the new process is a radical change from a previous process or when extensive training is required. In either case, performance metrics are collected and analyzed by the review team to ensure that the newly designed process has merit and should be adopted.

GAP: Institutionalize the Process/Design Improvement Cycle by creating a PAT Handbook (already have a model) and a automated documentation system.

OCR: TBD
OPR: TBD

Chart 6.1-2

Monthly Management Review



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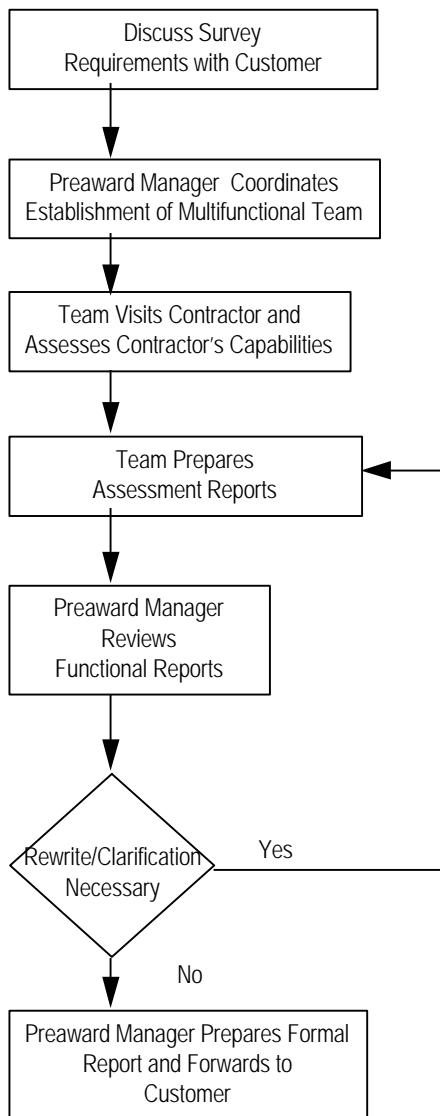
6.1b Production/Delivery Processes.

6.1b(1) Key processes and their principal requirements.

Our key business processes and their objectives in satisfying customer requirements are as follows:

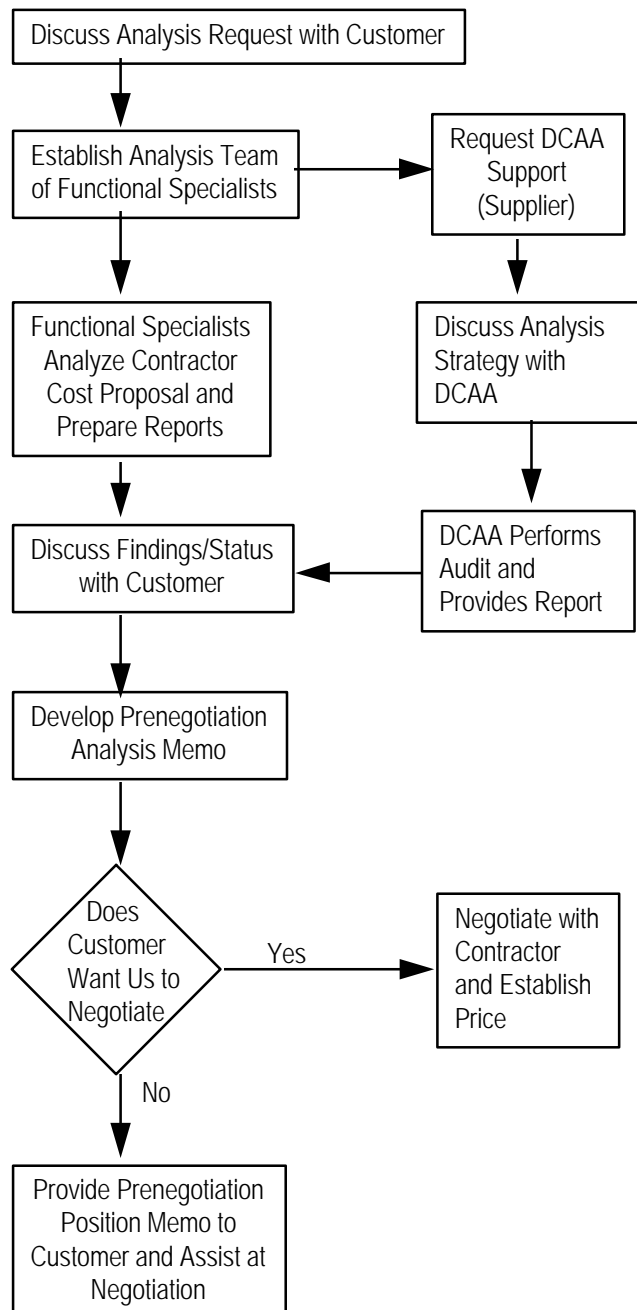
Preaward Surveys Preaward surveys are a written or oral assessment of a proposed contractor's ability to produce a quality product and comply with the defined delivery schedule. The objective is for the assessments to be accurate, complete and timely. Refer to Chart 6.1-3.

Chart 6.1-3
Preaward Survey



Proposal Analysis and Negotiation The objectives of the proposal analysis and negotiation process are to establish a fair and reasonable price for the product or service to be purchased by our customer from a contractor, and to reach a negotiated price with the contractor within the time frame of the customer's due date. Refer to Chart 6.1-4.

Chart 6.1-4
Proposal Analysis and Negotiation



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Product and Manufacturing Assurance Our product and manufacturing assurance process is designed to protect our customers against receiving defective products or products that do not meet our customer's physical and functional specifications. This process is designed to be cost effective and integrated with contractor processes. Refer to Chart 6.1-5.

Delivery Surveillance On-time delivery of contractor services and products is vital to defense preparedness. This process involves our surveillance of a contractor's activities to determine if the contractor will meet delivery schedules. Our process goal is to provide advance notification of any contractor delivery delays and to project a revised delivery date. Refer to Chart 6.1-6.

Chart 6.1-5

Production and Manufacturing Assurance

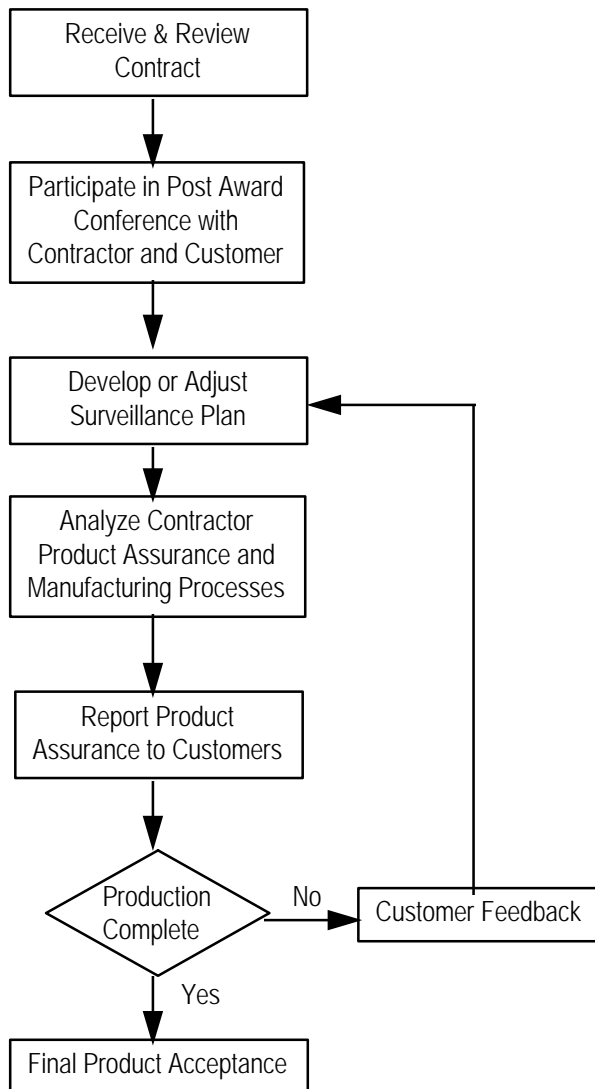
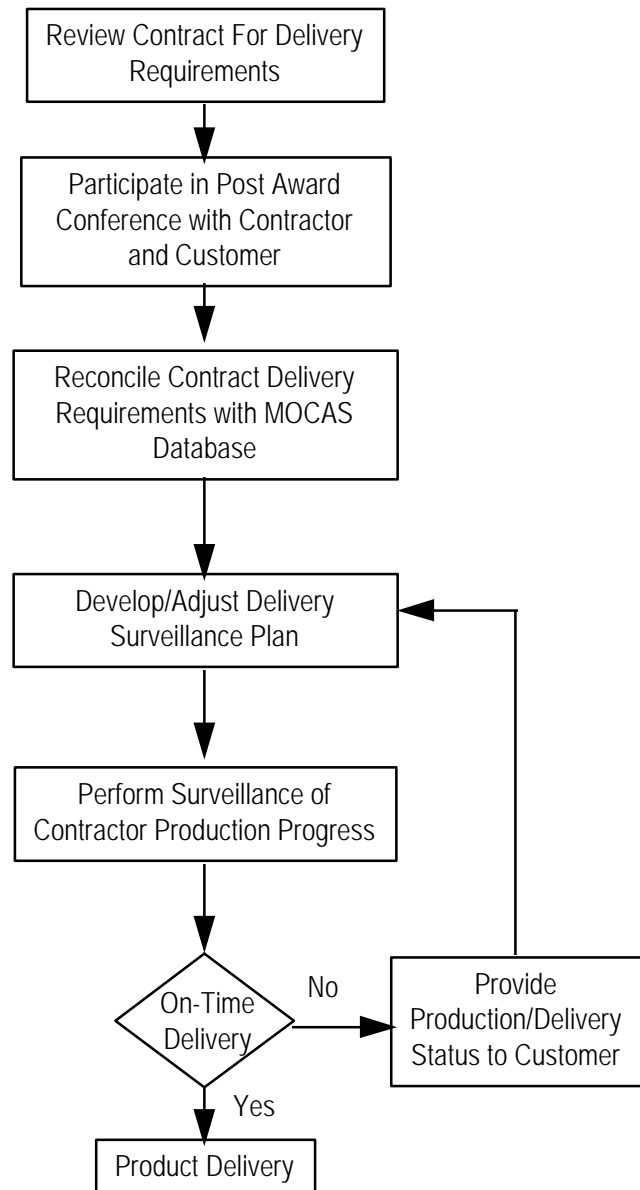


Chart 6.1-6

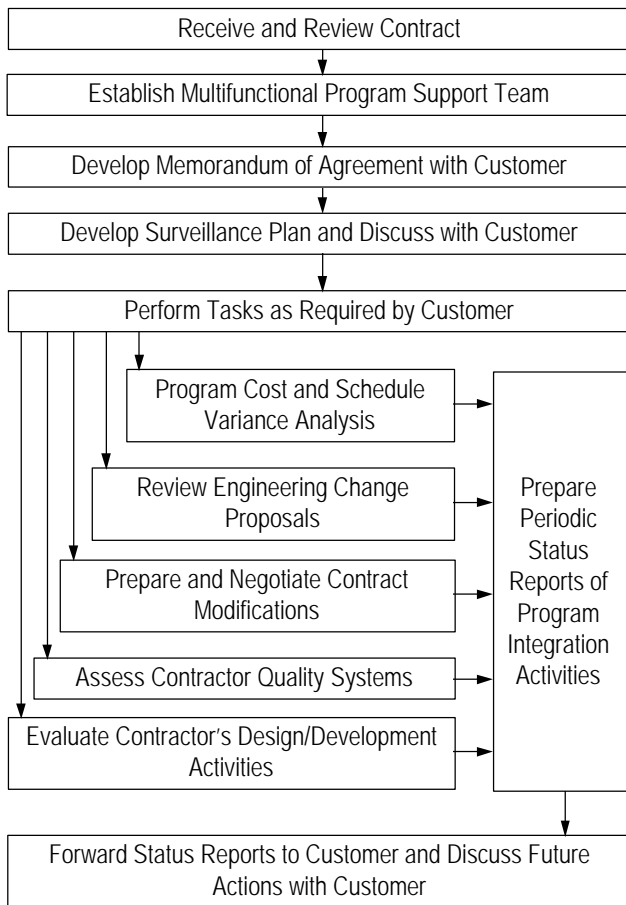
Delivery Surveillance



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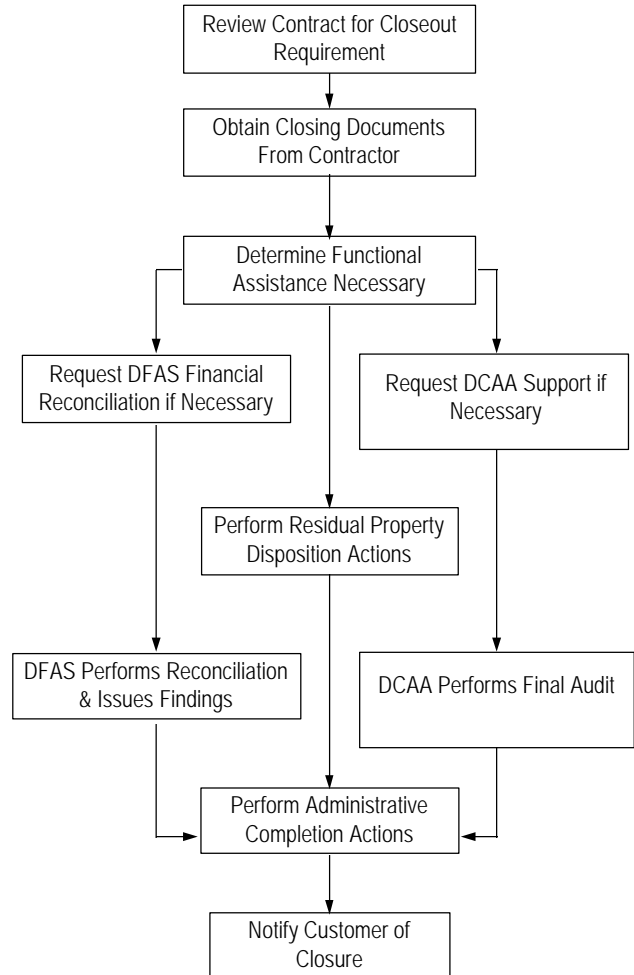
Program Integration Program Integration is the process through which current and accurate contractor performance status information is supplied to customers for major DoD weapon system contracts. The objective is to provide timely information with sufficient detail so that program managers can make effective management decisions. Refer to Chart 6.1-7.

**Chart 6.1-7
Program Integration**



Contract Closeout The contract closeout process includes financial reconciliation and redistribution of government owned property after all work has been completed on a contract. Contract closeout releases excess funds back to our customer and provides for effective reutilization of government property. Refer to Chart 6.1-8.

**Chart 6.1-8
Contract Closeout**



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GAP: Recommend PATs be established for following processes:

- Contract Delivery Surveillance
- ALERTS Coverage
- Contractor Delinquency Reduction
- Preaward Survey Cycle Time
- PLAS Charging

OCR: TBD

OPR: TBD

6.1b(2) *How the processes are managed.*

We manage and maintain process integrity by employing a measurement plan that utilizes metrics to ascertain our progress towards meeting

GAP: Update Policy and Procedure 18 to reflect past improvements and new procedures. Integrate MCR's and IOA's into policy.

OCR: GGTA

OPR: Mike Smorto

established goals. Our data collection and analysis system, which measures our performance, is a key component of our process management system. This system consists of data and information that provide visibility into our processes with respect to cycle time, output product quality, and dollar-value quantification. Data for the MMR briefing are collected and reviewed by Corporate Directors and the Performance Improvement Council. Data trends and anomalies are discussed at meetings with the intent to explore the root causes of any negative indicators and to assess the potential for a process improvement. This process is formalized in Policy/Procedure 18, Process Management. Refer to Chart 6.1-2.

NOTE:

INCLUDE IN TEXT DESCRIPTION OF MCR AND IOA SELF ASSESSMENT PROCESS.

GAP: Finish implementation of internal corrective action tracking database and integrate into MMR process.

OCR: GGTA

OPR: Mike Smorto

Measures and goals reviewed by our Corporate Directors in the MMR process are obtained from three major sources. Displayed in Chart 4.1-2, these are (1)

the DCMC Metrics "Right Measures", (2) the key customer requirements identified by Corporate Directors, and (3) locally developed performance measures.

On a day-to-day basis, at the team level, automated and manual logs record performance at each step in our integrated processes. Team leaders continually monitor the performance and assess our success. This monitoring also reveals bottlenecks and allows team leaders to seek alternative paths. The team leader prior to release conducts a final review of the product. We also use the process focal points such as the Pre-Award Manager to provide an independent assessment of product quality.

6.1b(3) *How product and service processes are evaluated and improved.*

An integral part of our MMR process is the identification of potential improvements. The criteria used for selecting processes for improvement are based upon the total cost of the process, the number of cost drivers associated with the process, the percentage of non-value added cost impact on the process, and the importance and satisfaction levels of the process from the customer's viewpoint. Process effectiveness data, coupled with customer satisfaction data, help us to identify and prioritize process improvement actions. Process activity data obtained from the Performance Labor Accounting System (PLAS) database provides detailed visibility into process costs on a real-time basis. Policy/Procedure 18, Performance/Management, delineates our methodology for process improvement.

GAP: Rewrite PLAS Analysis database to increase operational speed and variance analysis.

OCR: GGTA

OPR: Mike Smorto

Information from customers that assists us in improving processes is derived from the following primary sources:

1. Employee-Customer Contacts: More than half of our employees make contact with customers as part of our service processes. The contact is made to provide status information to customers and to ascertain customer requirements. A key role of our

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program integrators and contracting officers is to act as customer-service representatives to ensure that customer expectations are met. Feedback occurs through telephone calls, e-mail, regular mail and joint participation at business meetings with our customers. Our customer feedback process is defined in Policy/Procedure No. 12.

2. Customer Liaison Representative Reports: DCMC has placed liaison representatives in a number of customer facilities. The liaison representatives forward e-mail reports to us to clarify customer expectations. As with other customer feedback, process changes will be instituted by the process owner if systemic problems are discovered.
3. Customer Response Card Process: Our Customer Response Card Process, defined in Policy/Procedure No. 15, is a formal system that we utilize to obtain a satisfaction rating and comments at the transaction level for products delivered to our customers. A database is maintained at a central control point to track response cards and to collect trend information. Review comments are provided to the process owner for disposition. The follow-up disposition must satisfy our Executive Steering Council with a proposed process change if the comments reveal a systemic problem. Refer to Item 3.2b for other details of this process.

Customer Assessment Studies: DCMC conducted an initial customer assessment study in 1993. The results of that study were distributed to all CAOs. Our CAO used that information to establish a starting point from which to achieve improvements. Subsequent study results are used to assess whether our improvements have been successful and to evaluate areas for further improvement.

Data gathered from each of the above sources are used to prioritize our efforts and channel resources to provide cost effective processes. Refer to items 3.1a(2) and 3.1a(3).

Since most of our processes involve multifunctional teams, a continuous feedback system is in place to allow employees to interact as internal customers with each other and make suggestions for process improvement.

Wherever practical, alternative/enabling technology is utilized to improve our process. Technology enablers such as, computer hardware and software upgrades, are making the contract

surveillance job more efficient and effective, by adding speed and accuracy to the process. In addition, by networking computers and utilizing the e-mail system, our CAO is reducing the cycle time of reporting requirements, enabling a more efficient method of communication within the organization, and becoming a more “paperless” office. We have also enhanced our communication with customers by providing photographic slides and prints, when appropriate, to clarify status and situation reports where only textual forms were previously utilized. E-mail is being used by Program Integrators to transmit monthly status reports to program managers on several program managed contracts. Transmission time has been reduced from days to minutes.

GAP: Continue an aggressive implementation of Windows NT conversion.

OCR: MSO

OPR: Lt. Gene Granados

In recognition of the fact that Electronic Data Interchange (EDI) will impact government contracting, we hosted an EDI training session to educate members of our staff on EDI initiatives. Additionally, our Small Business Office is involved in a program to acquaint small contractors with EDI.

GAP: Identify, flow and prioritize all support processes. Identify appropriate metrics.

OCR: GGF

OPR: Pat Matura

6.2 Management of Support Processes.

6.2a *Management of support processes.*

6.2a(1) *How key requirements are determined.*

Original support requirements evolve from management and staff specialist analyses of our needs and regulatory requirements. As part of these analyses, interviews are conducted with employees involved in the mission processes. Employee concerns and suggestions are solicited during the interviews and incorporated into the basic requirements.

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Chart 6.2-1 Major Support Services			
Support Services	Service Element	Indicator/Metric	Chart
Automation	Assistance	Timeliness	7.5-9
Budget Control	Facility Cost	Cost	7.5-5
	Supply Cost	Cost	7.5-6
Human Resources	Training	Employees Certified	7.3-8 & 7.3-9
	Employee Health/Well-Being	Mishaps	7.3-3
	Employee Health/Well-Being	Sick Leave	7.3-4
	Employee Health/Well-Being	Grievances	7.3-2
Motor Pool	Transportation	Vehicle Cost	7.5-4
Travel	Process Request	Cycle Time	7.5-8

6.2a(2) How key support processes are designed.

The translation of support requirements into processes follows the same approach as that described in Chart 6.1-1. In this process however, the customer requirements are the needs and concerns of our employees. All of our support processes impact the output of our product quantity, cycle time and quality of our mission processes. Their importance is recognized in that they are measured as part of the overall Monthly Management Review process described in chart 6.1-2.

6.2a(3) Describe the key support processes.

Chart 6.2-1 on the next page shows the key support services, service elements, and indicators/metrics. Automation assistance involving the servicing of our local area network, personal computers and databases is now a very critical service due to our increased use of electronic information transfer. Budget control services are key to providing our managers cost expenditure information to measure our effectiveness and plan resource allocation. Training coordination and the sponsoring of employee well-being programs are key services provided by the Human Resource Support group. Travel request processing involving trips to customers and the maintenance of the government motor vehicle pool for local travel to suppliers are vital support services that must be efficient and timely.

6.2a(4) How the processes are managed.

Chart 6.2-1 shows the major support services together with their associated service elements and indicators/metrics. Through a systematic analysis of the indicators/metrics combined with process related labor expenditure obtained from our Performance Labor Accounting System (PLAS), we monitor process

performance and value added. This monitoring is part of the process management system described in 6.1b(2). Our process management system is designed to initiate corrective actions for negative indicator/metric trends and to solicit process improvements from all levels of our organization.

6.2a(5) How the processes are evaluated and improved.

The major support services identified in Chart 6.2-1 are improved as part of the MMR described in Chart 6.1-2. We compare ourselves against organizations, both inside and outside our agency, that perform similar processes to identify benchmarks. We employ alternative technology sources such as automation and outside training sources to increase effectiveness. In order to monitor support processes this office relies on feedback from customers, externally through customer response cards (refer to paragraph 3.2b(1)), and internally, through questionnaires and surveys.

We have achieved positive results from our emphasis on support processes. For example, through our emphasis on human resources via implementation of compressed work schedules and supervisor sensitivity training, we have seen a reduction of employee grievances and sick leave as shown in Charts 7.3-2 and 7.3-4. We have continually focused our attention on employee training to maintain and increase job skills as shown in Charts 7.3-8 and 7.3-9. Employee performance has increased as shown by the award statistics in Charts 7.3-5 through 7.3-7.

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Chart 6.3-1 Supplier/Partner Management

Supplier/Partner	Product/Service	Requirements	Measures/Controls	Ref. Cat 7.0 Chart
Defense Contractors		Quality	Contractor Alert List Packaging Discrepancies First Article /Pass Yield	7.4-1 7.4-1 7.4-1
Defense Contract Audit Agency (DCAA)	Audit reports	Timeliness	Cycle Time Monthly Meetings	7.4-1
Defense Finance Accounting Service (DFAS)	Contractor payments Reconciliation	Responsiveness	Percent Complete Follow-up Contacts	7.4-1
Defense Contract Management District East(DCMDE)	Training	Timeliness	Training Hours/Employee DAWIA Certifications	7.5-1 7.3-8
First Marine Corps District	Process Work Orders Facilities	Timeliness Space Allocation	Cycle Time Facility Cost	7.4-1 7.5-5
General Services Administration (GSA)	Vehicles	Vehicle Costs	Annual Costs	7.5-4

6.3 Management of Supplier and Partnering Processes.

6.3a Management of supplier and partnering processes.

6.3a(1) How supplier and partnering processes are designed.

Partnering and supplier processes are designed in the same manner as any process, as described in item 6.1. Key suppliers to our CAO are those external to our organization who provide reports or services that are most critical to the organization's success. Refer to Chart 6.3-1 for identification of our key suppliers and partners.

Among our key suppliers and partners are the defense contractors who supply the goods and services to our common customers. While these contractors do not directly provide us with goods and services, they do provide us the data and necessary information required for evaluations and assessments, which are provided to our common customers. As a result, a symbiotic relationship exists between us and defense contractors. Partnering is therefore a natural extension of this relationship, yielding excellent working relationships, and

providing open communication. The extent of interaction with defense contractors is dependent upon the magnitude of the business that the government does with that defense contractor.

We have implemented a method of contract administration with our defense contractor partners, known as Process Oriented Contract Administration (PROCAS). Under PROCAS, we encourage formal teaming agreements with defense contractors whereby we agree to work together to explore ways to improve performance. Our selection criteria for entering into formal agreements with these contractors are dependent upon the amount of Government contract work they are involved in and the potential for improvement. This in no way implies that contractors not meeting these requirements can not enter into

GAP: Complete and implement PROCAS implementation plan. Plan will encompass requirements of chapter 21 per DCMC. Will also include roles of management councils and SPIs.

OCR: GGTA
OPR: Juan Casanova

formal teaming agreements. All contractors have the opportunity to operate under informal teaming agreements.

In addition to the PROCAS initiatives just described, acquisition reform initiatives have given us the ability to institute two new programs with the intent of reducing oversight and government costs. The first is the Single

GAP: Continue implementation plan for Quality System Audits.

OCR: GGTA
OPR: Maureen DeMatteo

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Process Initiative (SPI) which allows consolidation of existing DoD and commercial processes in the same contractor facility to a single common process for commercial and DoD work. Implementation involves the contractor, our CAO and affected government buying activities.

The second initiative is the implementation of ISO9000. An increasing percentage of DoD contracts are being issued with ISO9000 requirements in lieu of the DoD standard quality systems. To facilitate transition, we have provided training to the entire organization in ISO9000. As a result, we are able to review contractor ISO9000 systems for DoD validation purposes

As a support agency to buying activities, we do not select or award contracts to the defense contractors. This is the sole purview of the buying activities. Through the preaward process and early CAS, we have the ability to make recommendations to the buying activities prior to selection.

In addition to defense contractors that are assessed for contract performance, there are several additional direct suppliers to our organization. Suppliers that we select are for office supplies not attainable through the General Services Administration (GSA). Office Supplies represent a small fraction of our total budget. Refer to Chart 6.3-1, showing the key performance measures used for suppliers and partners.

6.3a(2) How the organization ensures that these requirements are met.

There are a number of methods we use to ensure that our suppliers meet our requirements. Key among them is a clear communication of what the requirements are and how they are measured. For each of our key suppliers/partners, the principle requirements, performance measures, and the controls we have in place are shown in chart 6.3-1. Most of our monitoring is accomplished either by face to face meetings or through shared databases where status can be addressed. In the case of our defense contractors, we have established multi-functional teams, with each team member responsible for monitoring requirements within their area of expertise. These multifunctional teams utilize the processes described in Charts 6.1-5 through 6.1-7 to ensure defense contractor requirements are met.

6.3a(3) How the organization evaluates and improves its management of supplier and partnering processes.

We believe that communication and information are the keys to improving our supplier partnering process. Three sources of information we use to help improve our partnering process are:

- Communication with the supplier
- Feedback from our employees who are the in-process users of the product or service
- Feedback from our external customers who are the end users of our product or service

Multifunctional teams are established for evaluating performance of defense contractors. The team members are in constant communication with the contractors for status information and resolution of programmatic issues. The results of this surveillance and overall status of programs are communicated to our external customers. Customer Response Cards are included with all status reports. The results of the

GAP: As part of the PROCAS implementation ensure instructions are clear that Corrective Action Requests made of contractors are not just a quality function, everybody is involved. Develop a database to track all corrective action requests. May need a PAT.

OCR: GGTA
OPR: Juan Casanova

customer feedback are returned to the process owners and tracked/presented at the MMR with appropriate actions taken for problem resolution. PROCAS, as described in 6.3a(1), offers the unique opportunity for formal or informal teaming arrangements between the government and defense contractors. These teaming arrangements continually seek to improve supplier/partnering processes.

Communication with the Defense Contract Audit Agency (DCAA) is maintained on a continuing basis through person to person contacts related to case audits. Unique customer requirements and schedules are exchanged through these contacts. Regular meetings are also held with DCAA at a management level. Discussions at these meetings involve cycle time performance of DCAA audit tasks, systemic problems related to the quality of audit reports, priority of requested audit services, and new initiatives of both

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organizations. Our case logs and user feedback form the basis for these performance discussions.

Communication with DCMDE related to human resource services and training is conducted via a shared electronic data base and individual DCMC Long Island manager to DCMDE service representative contacts. In addition, periodic visits are made by DCMDE personnel specialists to have collective management meetings with our Corporate Directors and team leaders to discuss personnel policy changes, systemic service performance by DCMDE and generic human resource issues. During these visits, DCMDE specialists schedule individual discussions with managers and employees to resolve unique human resource issues. Computer specialists in DCMDE and DCMC Long Island also work in concert to provide our personnel with the computer hardware and software resources necessary to fulfill our mission.

As with DCMDE, we share a common electronic database with DFAS which provides indications of the performance of their services. The database also includes alerts which provide advance notice of mutual actions that both of our organizations must perform to ensure timely support to our customers. Written service

requests are provided to DFAS utilizing a standard form, enabling a uniform, concise communication. DFAS provides a monthly status report to apprise us of actions we must take to expedite their services. When necessary, our executive leaders will meet with DFAS management to resolve systemic problems in performance.

Day to day communication with the First Marine Corps District is accomplished through our management support office. Since we are co-located with this supplier, the communication problems related to service requests are minimal. Occasional priority conflicts that arise are resolved through meetings between our respective commanders. We share facility safety concerns via joint quarterly safety meetings. Teaming with this supplier has been enhanced by sharing our training resource facilities and by joining with them in blood drives and charity events.

Through this ongoing review and communication process, we provide opportunities for improving supplier performance. The positive results we have achieved through frequent meetings and other communication with the major suppliers are shown in Chart 7.4-1.



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7.0 Business Results

For ease of understandability, a boxed arrow  has been inserted in charts to illustrate desired outcomes.

7.1 Customer Satisfaction Results

Charts 7.1-1 through 7.1-5 represent 4 years of customer satisfaction results from the customer response card process for DCMC Long Island.

Note: In most cases, the "Best-in-Class" CAO is different from year to year and from product to product. Also, unless otherwise noted, FY 97 results are through mid-FY 97. Data in most cases are available for years prior to the dates shown on the charts.

How to read these charts: On each chart the rating scale goes from 1 to 6. Ratings of 1, 2, and 3 indicate various degrees of dissatisfaction with 1 ultimately indicating total dissatisfaction. Ratings of 4, 5, and 6 indicate increasing degrees of satisfaction with 6 indicating complete satisfaction. DCMC HQ has set as a goal a minimum rating of 4. Using Best-in-Class data (among 48 CAOs), we have set our own goal of 5.5 with a 6 year goal of 6.

Chart 7.1-1 illustrates a consistently high degree of customer satisfaction with the 4 products of major importance to our customers:

- Pre-Award Surveys
- Product Quality Deficiency Reports
- Pricing Reports
- Program Status Reports

All 4 products have shown strong performance, and continuous improvement, since the customer response card program began in FY94.

Charts 7.1-2 through 7.1-5 compare DCMC Long Island results to the "Best-in-Class" CAO for each fiscal year. DCMC Long Island has demonstrated improvement for all products during this time period.

Chart 7.1-2 depicts customer satisfaction with respect to pre-award surveys - evaluations of potential government contractors' ability to comply with all aspects of the contract; 7.1-3 depicts customer satisfaction with respect to product quality deficiency reports - our evaluation of the contractor's investigation, analysis, and corrective action regarding defective product received by the user; 7.1-4 depicts customer satisfaction with pricing reports - evaluations of the reasonableness and allocability of the

contractor's proposal to provide goods or services to the government; and 7.1-5 depicts customer satisfaction with program status reports - reports to the program manager detailing the status of various key aspects of performance.

Chart 7.1-1 Customer Satisfaction Ratings DCMC Long Island by Product (Scale 1-6)

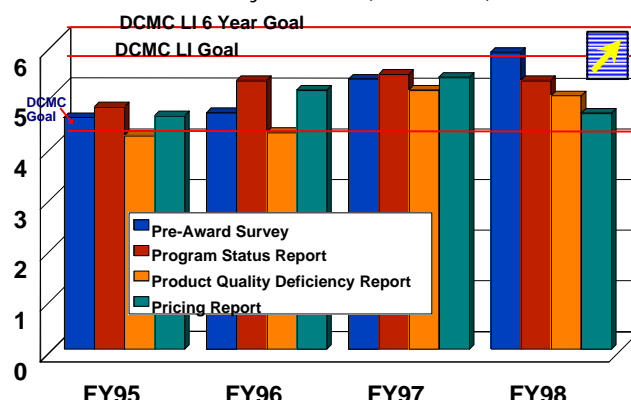


Chart 7.1-2 Customer Satisfaction Ratings for Pre-Award Surveys

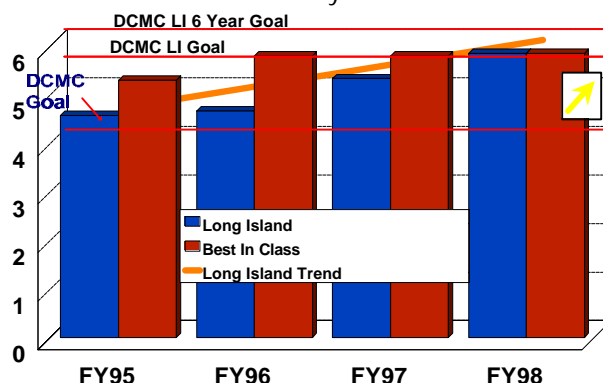
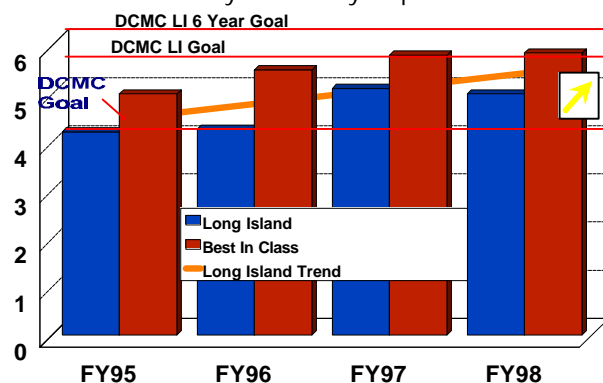


Chart 7.1-3 Customer Satisfaction Ratings for Product Quality Deficiency Reports



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Chart 7.1-4 Customer Satisfaction Ratings for Pricing Reports

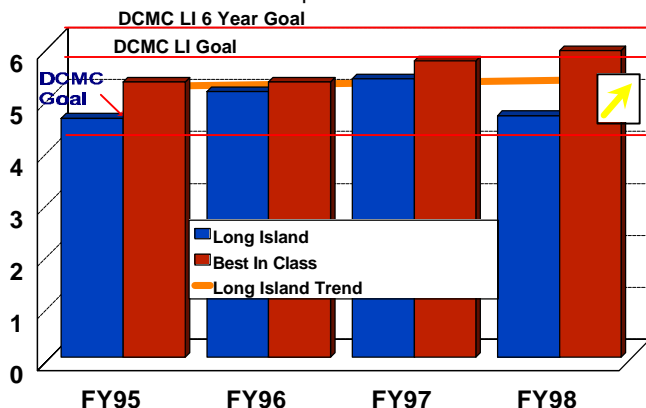
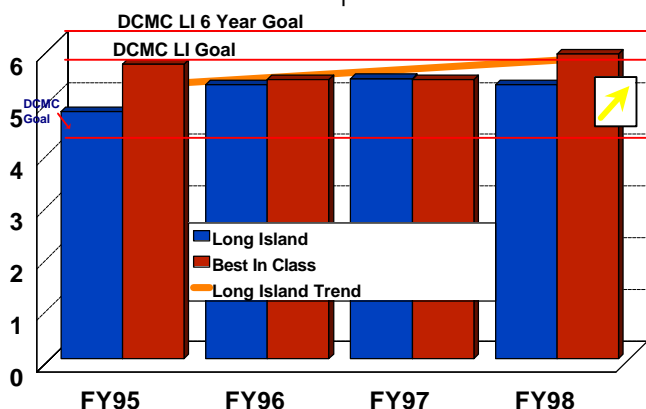


Chart 7.1-5 Customer Satisfaction Ratings for Program Status Reports



GAP is being proposed since the process is being managed via contractor-government corrective action plan generated by the management council at Lockheed-Martin Trident Underwater Systems (Unisys).

With the advent of the implementation of Phase I of the DCMC Automated Metric System (AMS) DCMC has directed that all CAOs cease reporting into the Metric System Transition Application (MSTA). As a result of this implementation DCMC has comparison data that was once available through Cognos PowerPlay Cubes are no longer available for process measures except those that are currently implemented in Phase I of the DCMC AMS. The data availability is now limited. Therefore, GAPs now exist in competitive comparisons.

GAP: Identify new sources of competitive comparison data for key business processes. In addition identify data in Cognos Impromptu catalogs that can be used for comparisons where appropriate and generate standard reports.

OPR: Jack Boyd

A change has also been implemented the Revised Delivery Forecast (RDF) under the product and manufacturing assurance process. This process has been replaced with the DCMC Alerts database. This change is shown effective FY98. While the two systems are completely different the measure remains the same. Throughout the course of the year we have improved on its performance and is a continuing item of interest and attention at the Performance Improvement Council (PIC) and Monthly Management Reviews (MMR). The decrease in coverage has been primarily due to system implementation problems, which have now been corrected. The data is tracked down to the team level and discussed at that level. No comparison data is available as we appear to be the only CAO currently tracking this data with an in-house software interface to the database. The database has been provided to the Senior Functional Advisors (SFA) for export to other CAOs.

Product quality for these products are measured via our customer response card data.

Return on Investment (ROI): ROI is the ratio of cost savings/avoidance realized to our cost to perform. ROI is

7.2 Overall Financial and Performance Results

Performance. Chart 7.2-1 shows performance data for our key business processes. While the trends shown in the table have flattened out over the past two years, the levels of performance remain extremely high when compared to similar organizations within DCMC. In most cases, the performance is within the top 5. This level of performance has continued while:

- Our workforce has been reduced by more than 20% over the past three years, see chart 7.3-10,
- We have consolidated and absorbed 2 Contract Administration Offices (CAOs) under DCMC Long Island and
- Reorganizing into multi-functional teams.

In FY98 DCMC Long Island absorbed another CAO in our geographic area. As a result one key processes measure show a dramatic decrease in performance. Specifically, this is the contract close-out percentage. No

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a key measure in the “7 Rights” established by DCMC and is tracked at the agency level. Chart 7.2-2 shows our yearly trend in ROI in terms of percent ROI per month. Comparison to other multifunctional CAOs in the District is shown in chart 7.2-3 and shows DCMC Long Island to be “Best in Class” of the geographic CAOs in the eastern district with similar functions for FY97. Process changes at DCMC have resulted in this data not being available (see paragraph). Excluded from comparisons are CAOs with port/harbor functions which are functions not performed by DCMC Long Island and most other CAOs. This function dramatically increases ROI with minimal impact on workload. Data are unavailable for the western district.

In FY98 DCMDE has implemented a process change to ROI limiting each CAO’s ability to evaluate their ROI performance. This process change allows CAOs only to look at the absolute dollar value being saved or avoided. It no longer allows CAOs to look at or compare percent ROI which indicates their performance. In addition we have identified a error in the DCMC Automated Metric System (AMS) that has been implemented by DCMC for the collection of ROI starting in June of FY98. The DCMC Metrics Guidebook requires the collection of several elements of ROI which are not included in the DCMC AMS. While we have no control over the DCMC or DCMDE process we do have an influence on the process. As a result two GAPS have been identified in ROI:

GAP: Identify to DCMDE and DCMC ROI process owners need to provide both absolute dollar values and operating costs of CAO’s to determine ROI percentages.

OCR: GGTA (Michelle Vavarro)
OPR: GGTA (Jack Boyd)

GAP: Identify to DCMC discrepancy between DCMC AMS and the requirements of the ROI process which is in concert with the DCMC Metrics Guidebook.

OCR: GGTA (Michelle Vavarro)
OPR: GGTA (Jack Boyd)

Until these GAPS are resolved with DCMC and DCMDE we will continue to track ROI in accordance with the

NOTE: These GAPS require no additional resources to accomplish. They are part of the normal process in reviewing ROI.

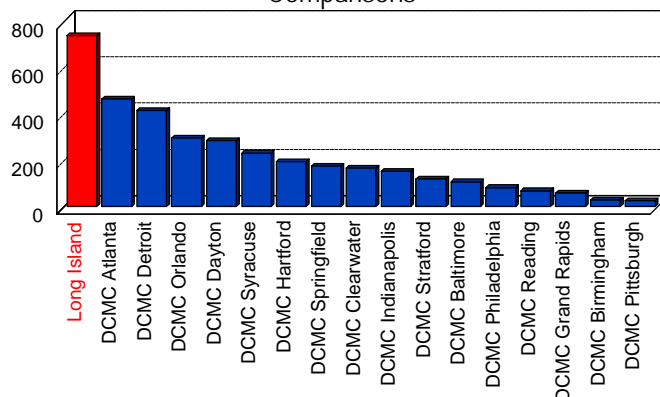
DCMC Metrics Guidebook and process direction through DCMC LI metric database.

Chart 7.2-2 Return on Investment

Measure	FY9 4	FY9 5	FY9 6	FY9 7	FY9 8 Est.	Ran k FY9 8
Return Percentage/ Mth	11.8	133. 8	234	741	842 Note 1	Not Avail .

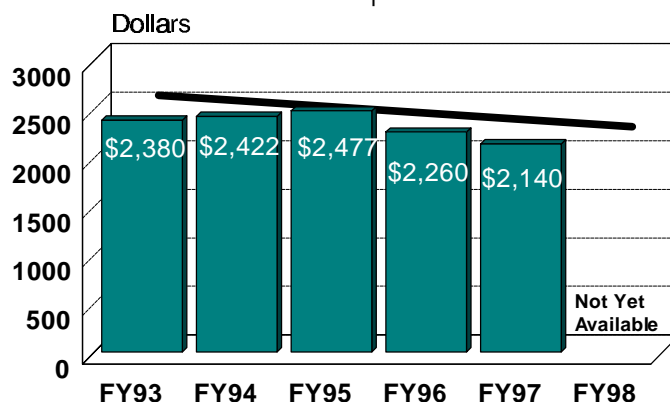
Note 1: Figure based on FY97 monthly operating costs and current ROI

Chart 7.2-3 FY97 Cumulative Return on Investment Comparisons



Cost per Contract. Chart 7.2-4 shows the trend in costs to perform contract administration tasks on a per contract basis. The figures have been normalized and a downward trend continues.

Chart 7.2-4 Cost per Contract



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Chart 7.2-1 Measures and Trends for Products and Services

Process Meas	Category 6.0 Ref. Chart	Measure	Fiscal Year Trend DCMC Long Island						DCMC LI Goals					
			93	94	95	96	97	98	Goal FY99	Stretch Goal FY03	DCMC Standard	DCMC Average 1 (48 CAOs)	DCMC Best in Class	DCMC LI Rank (48 CAOs)
Preaward Survey	6.2-1	% Completed on time	N/A	N/A	39	51	100	100	100	100	100	85	100	1
Proposal Analysis & Negotiation	6.2-2	Proposal Cycle Time (Days)	42	37	45	46	42	51.	Under Evaluation	Under Evaluation	N/A	No Longer Available through DCMC	No Longer Available through DCMC	No Longer Available through DCMC
		Technical Report Cycle Time	35	33	40	36	30	33	30	20	N/A	No Equiv. In Command	N/A	No Equiv. In Command
Product & Mfg. Assurance	6.2-3	PQDR Cycle Time (Days)	25	22	25.6	25	27	12	15	15	60	No Longer Available through DCMC	No Longer Available through DCMC	10 (FY96)
		First Article Concurrence (%)	N/A	N/A	75	86	93	95	95	100	N/A	No Longer Available through DCMC	No Longer Available through DCMC	No Longer Available through DCMC
Delivery Surveillance	6.2-4	ALERTS (RDF Prior to FY98) Coverage (%)	90	88	85	88	N/A	80	90	95	84	Not Available	Not Available	Not Available
Program Integration	6.2-5	Support Teams - Qty	18	21	26	26	27	27	29	30	N/A	No Longer Available	No Longer Available	2 (FY97)

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7.3 Human Resource Results

Chart 7.3-1 shows the correlation between the charts presented in this section with the corresponding section in Category 5.0

Chart 7.3-1 Human Resource Correlation Matrix

Category 5.0	Measure	Chart Number
5.1 Assess the Development and Well-Being of All Categories and Types of Employees	1. Number of Employee Grievances	7.3-2
	2. Number of Employee Mishaps	7.3-3
	3. Sick Leave Hours/Person	7.3-4
5.2 Employee Progression and Development	% DAWIA Certified	7.3-8
	% QA Certifications	7.3-9

As a result of initiatives to improve the quality-of-life for the employees within the organization, grievances and mishaps have decreased dramatically over the years and continue to remain low. Indicators are shown in Charts 7.3-2 and 7.3-3.

Employee grievances show a dramatic decrease in the number of grievances from 1992 to 1994. This can be directly attributed to the union/ management partnership to the concerns of the employees. Most significantly, the reduction in grievances has been realized while we have downsized substantially over the past three years.

There has also been a decrease in the overall number of mishaps. The increase in parking lot mishaps in FY94 was the result of extreme icing conditions in the winter. Except for the increase in FY94, the decreasing trend since 1992 is due in part to actions taken as a result of a quality-of-life study. Further details on the type of mishaps are tracked and available for review.

Chart 7.3-2 Number of Employee Grievances
Grievances/Employee

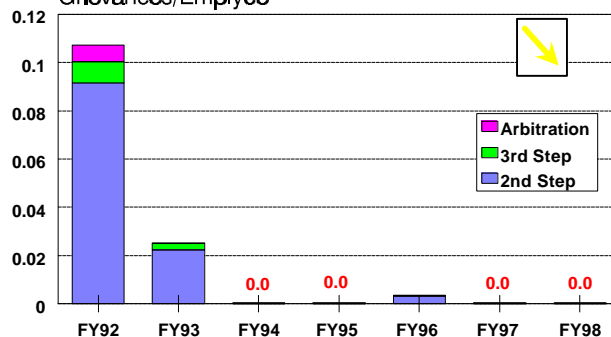
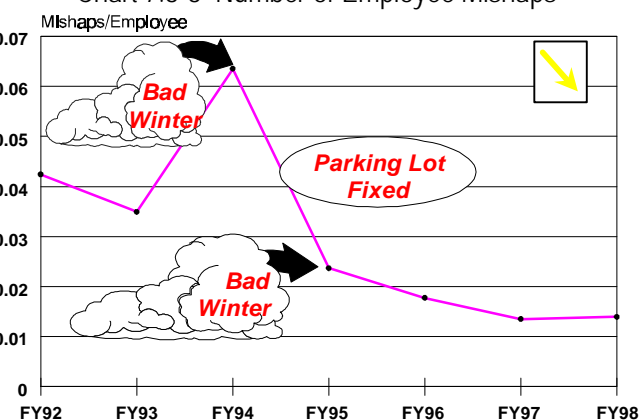
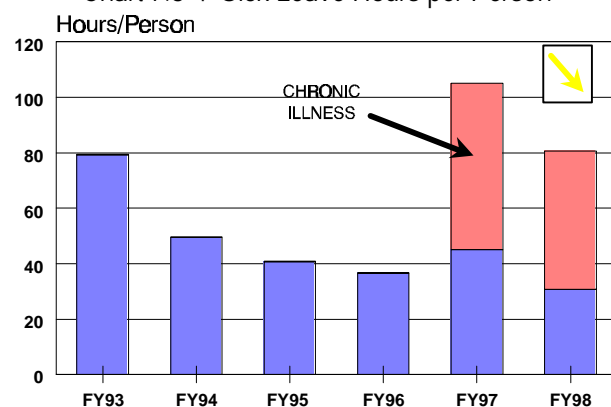


Chart 7.3-3 Number of Employee Mishaps
Mishaps/Employee



Another indicator of employee satisfaction and well-being is the number of sick leave hours used per person. This indicator is shown in Charts 7.3-4. The increased use of sick leave in FY97 and FY98 is attributed to serious, chronic illness. Personnel in this category have been supported through the employee sick leave donation program.

Chart 7.3-4 Sick Leave Hours per Person
Hours/Person



A goal of the rewards and recognition process action team discussed in item 5.1 is to sensitize supervisors to the need to use existing awards and other innovative

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award approaches. This has resulted in an increase in the number of job performance awards given to employees. This is shown graphically in Charts 7.3-5 through 7.3-7. DCMC LI is primarily on a calendar year award cycle.

The negative trend in award dollars in FY97, as shown in chart 7.3-6, is due to budgeting restrictions mandated by our headquarters.

Chart 7.3-5 Number of Awards

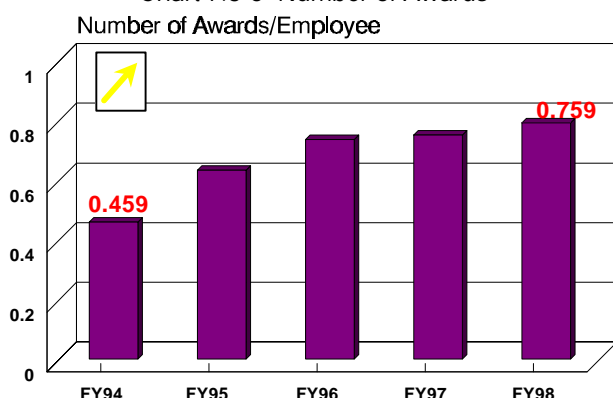


Chart 7.3-6 Award Dollars

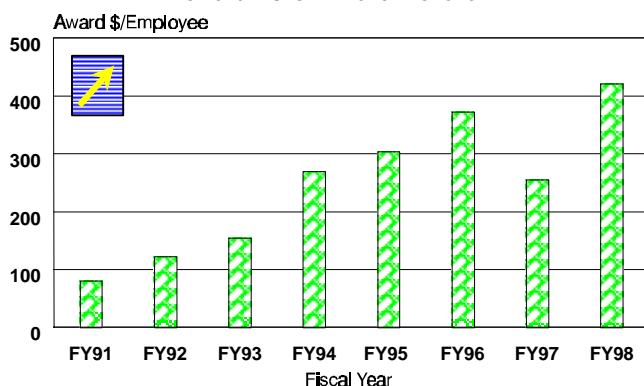


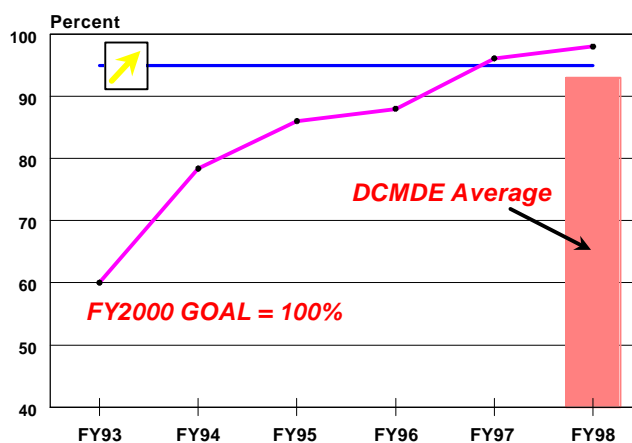
Chart 7.3-7 shows the award distribution by grade level and the percentage of awards in that grade for fiscal year 1998. This chart shows an equitable distribution of awards across various grade levels.

Chart 7.3-7 Percentage of Grades Receiving Awards

Grade Level	Number on Board	% of Employees	# of Awards	% Awards
GS-03	0	0	0	0
GS-04	1	0.35	1	0.35
GS-05	23	8.1	6	2.1
GS-06	26	9.2	26	9.19
GS-07	5	1.8	6	2.1
GS-08	0	0	0	0
GS-09	1	0.35	1	0.35
GS-11	144	50.9	112	39.6
GS-12	60	21.2	57	20.1
GS-13	17	6.0	15	5.3
GS-14	4	1.4	2	0.7
GS-15	1	3.5	2	0.7

Defense Acquisition Workforce Improvement Act certification is tracked by the Management Support Office (MSO). As explained in Category 5.0, this certification is critical to the employees of DCMC Long Island. The certification indicates that DCMC employees are fully qualified in their career fields. It is equivalent to obtaining a professional certification. This is shown in Chart 7.3-8.

Chart 7.3-8 DAWIA Certifications



Along with the DAWIA certification, quality assurance specialists are required to be certified in product commodities. These certify that quality assurance specialists are qualified to accept receipt of hardware and/or software purchased by the government thereby authorizing defense contractors to ship and be paid for the services rendered. These certifications are mandatory for all quality assurance specialists. As can be seen in chart 7.3-9, many of our quality people are certified in multiple

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commodities. Our FY97 goal of 95% certification was reached by the end of the second quarter.

Chart 7.3-9 Quality Assurance Certifications

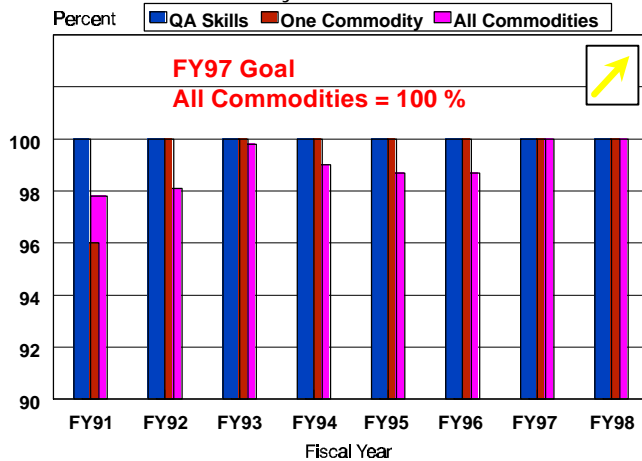


Chart 7.3-10 shows our current personnel levels since 1991. Reductions occurred as a result of workload adjustments beginning in FY93 and consolidation of offices in areas under our cognizance since 1990. The critical item to note is that while we have sustained a 25%

workforce reduction from FY93 to the present and a 40% reduction from FY91, our performance levels have remained high. Through efforts such as voluntary relocation and early retirement incentives, as of this submittal no employees have been involuntarily separated.

Chart 7.3-11, next page, correlates the human resource goals in Chart 2.2-2 established as part of our strategic planning and the associated metric data.

Chart 7.3-10 Personnel Reduction

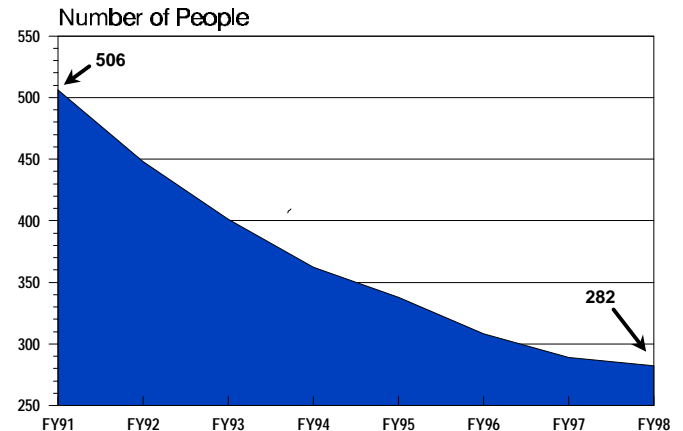


Chart 7.3-11 Performance Against Human Resource Goals

Human Resource Goal	Measure	Chart Number	FY98	FY98 Goal	FY99 (YTD)
Promote Employee Flexibility, Innovation and Work Redesign	# of Process Action Teams		4	As Needed	4
Employee/Development/Training	Individual Development Plan		100%	100% (Updates)	100%
	ISO 9000 Level 1 (base of 110)		100%	100%	100%
	ISO 9000 Level 2 (base of 110)		96%	100%	100%
	ISO 9000 Level 3 (base of 110)		45%	(As Needed)	N/A
Rewards, Recognition and Compensation	Number of Awards	7.3-5			
	Award Dollars (% Allocation)	7.3-6	100%	100%	100%
	Award Distribution	7.3-7			
	Percentage of Grades Receiving Awards	7.3-8			
Recruitment and Selection	Manpower Level	7.3-11	282	279	271
	% Lost Job		4%	0% (FY97 Reduction)	0%

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7.4 Supplier and Partner Results

The results of supplier performance, both internal and external, correspond to those identified in Chart 6.3-1. The Defense Contract Audit Agency (DCAA), Defense Finance Accounting Services (DFAS) and Defense Contract Management District East (DCMDE), are mandated as suppliers for the stated services under federal statutes. Defense contractors are selected by the DoD buying activities as discussed in item 6.3. Chart 7.4-1 shows the indicators used to measure supplier performance.

Formal teaming agreements have been established with all our major defense contractors with informal teaming agreements established with smaller defense contractors through our in-plant quality evaluation program. The reduction seen in teaming agreements is due to the reduction of defense contractors in our geographic area. This is an effect of the reduction in the overall defense budget and has resulted in contractor mergers and contractor closures

Chart 7.4-1 Supplier Performance Results

SupplierMeas	Indicator	Trend					Goal FY99
		FY94	FY95	FY96	FY97	FY98	
Defense Contractors	Contractor Alert List - Percent Contractors on List for Performance Shortfalls DCMC has cancelled this metric until further notice due to process redesign.						
	First Article First Pass Yield, %	not available	75	93	94	93	95
	Packaging Discrepancies (per 1,000 shipments)	not available	not available	not available	5.32	0	reduce 10%
	On-Time Deliveries	See Chart 7.5-1					
	Formal PROCAS Teaming Agreements	5	14	14	14	14	16
	In-Formal PROCAS Teaming Agreements	749	691	649	630	519	TBD
DCAA	Audit Report Cycle Time, days		45	44	31.5	34	30
DFAS	Responsiveness to Requested Actions, %		93	95	100	98	98
DCMDE	Training Hours/Employee DAWIA Certifications	see Chart 7.5-1 see Chart 7.3-8					
GSA	Annual Vehicle Costa	see Chart 7.5-4					
First Marine Corps District	Cycle time on work orders (cal. days)	17	34.5	7.7	8.7	5	5

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7.5 Organization-Specific Results

DCMC has established the “7 Rights” to “doing today’s mission successfully”. These rights are defined as:

1. Right Item - Does it meet Contract Requirements?
2. Right time - Is it delivered on-time?
3. Right Price - Do we find cost savings/avoidances (ROI)?
4. Right Advice - Is it on point?
5. Right Reception - Is the customer satisfied?
6. Right Efficiency - Are we getting more affordable?
7. Right Talent - Are we prepared?

Chart 7.5-1, shown on the next page, illustrates our performance to the DCMC “7 Rights.” Measures shown in chart 7.5-1 were instituted in FY96 and remain in a state of flux while DCMC further tailors the metrics associated with the “7 Rights”. Comparisons, where available, are shown. These are mandated metrics by our headquarters.

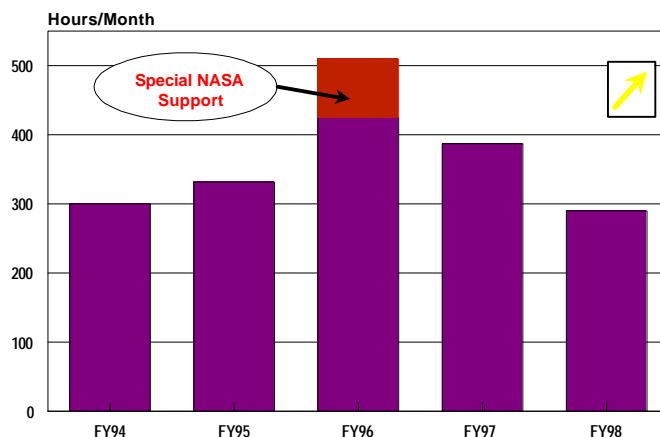
The budgetary process established by DCMC is through the assessment of workload and the risk assessment process. For direct labor hours, a business case is prepared based on a parametric analysis and modified based on unique functions or mission requirements that the model does not take into account. Our headquarters evaluates the business case and, with additional workload indicators, assigns us personnel on a full time equivalent (FTE) basis. This translates to a total labor cost which we have to meet for the fiscal year. This process took effect in FY97. In previous years, a total labor cost was assigned. This “tougher” accounting method explains the need to track measures to assess labor and non-labor related costs and effectiveness as shown in chart 7.5-2. While overtime budget review is critical to some organizations, we have determined that it is not the case for our CAO.

Chart 7.5-2 Labor and Non-Labor Cost Matrix

Cost Category	Measure	Chart No.
Labor	Reimbursable Hours	7.5-3
Non-Labor	Vehicle Costs	7.5-4
	Facility Costs	7.5-5
	Supply Costs	7.5-6
Combined	Cost per Contract	7.2-4

Reimbursables: A proactive approach was initiated to increase our business base with outside DoD agencies. As a result, we have seen an increase in funding levels. Chart 7.5-3 shows the trend in our reimbursable hours which reflect the added work from our marketing efforts. The chart shows an upward trend since FY93. The dramatic increase in FY96 was due to specialized assistance being provided to NASA to support their field efforts

Chart 7.5-3 Reimbursable Hours Per Month



Operational Costs. The purpose of the following charts is to ensure that our operating costs remain effective and competitive, as well as to ensure the costs remain commensurate with the workload. Vehicle, facility and supply support costs are shown in Charts 7.5-4 through 7.5-6.

Chart 7.5-4 through 7.5-6 show that our vehicle costs have gone down by 6%, supply costs by 30% and facility costs by 30%. Chart 7.5-5 shows that our facility cost has dropped at a relatively constant rate since 1993. To reduce this cost, we have consolidated two of our satellite offices (Happague and Melville) into our main office. The data show that we have been able to reduce our facility costs at a faster rate than our downsizing. Comparison data are not available through the DCMC metrics database. As an improvement to the system, we have recommended this data be tracked command wide.

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Chart 7.5-4 Vehicle Costs

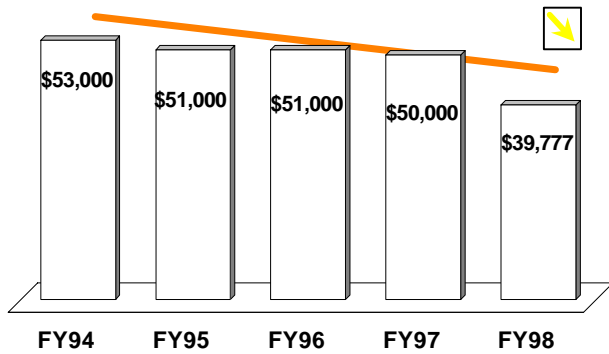


Chart 7.5-5 Facility Costs

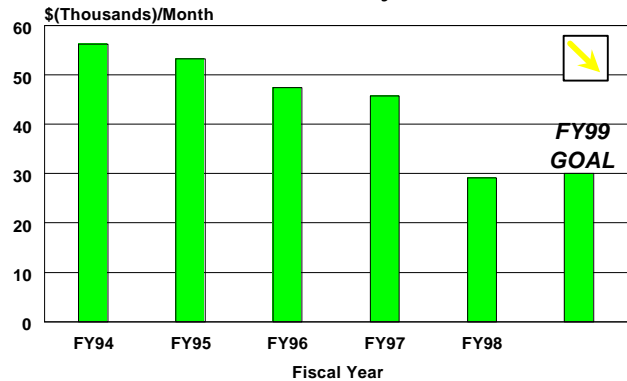
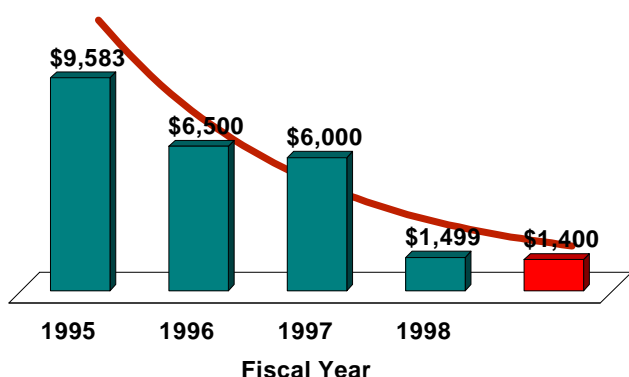


Chart 7.5-1 DCMC 7 Rights Performance

	FY96	FY97	FY98	FY99 Goal	Best in Class
Right Advice					
Preaward Survey Timeliness	(See Chart 7.2-1)				
% Contractors on CAL		(See Chart 7.4-1)			
Right Efficiency					
Contract Closeout Percentage	(See Chart 7.2-1)				
Contracts per Person	27.2	28.4	28.4	Ref. Only	No Longer Available
Right Item					
Packaging Discrepancies (per 1,000 shipments)	Not available	5.3	0	0	0
% of First Article Recommendations Receiving PCO Concurrence	Not available	86	93	95	100
Right Reception					
Customer Response Cards	(See item 7.1)				
Right Price					
Return on Investment	(see chart 7.2-3)				
Negotiation Cycle Time	50	42			23
FPRA Coverage	74%	100%	100%	65%	100%
Right Time					
CPL On-Time Percentage	100	100	100%	100%	100%

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Chart 7.5-6 Supply Costs (Dollars per Month)



Introduced in FY96, the Performance Labor Accounting System (PLAS) allows tracking to the specific process and product/service level.

Starting in FY98 a system update will be deployed to track the number of units associated with each process. This will yield an accurate and reliable unit cost analysis. Currently part of the process is to ensure all personnel are reporting PLAS hours. To this end the PLAS usage rate is tracked in the MMR and is shown in chart 7.5-7. PLAS usage represents the number of hours charged by personnel to the total hours that should have been charged.

Chart 7.5-7 PLAS Usage Rate (Percentage)

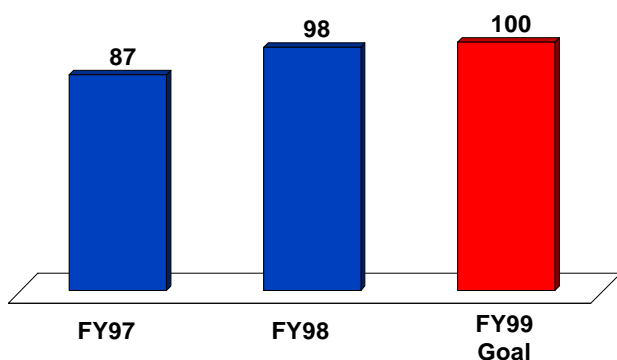


Chart 6.2-1 identifies support service processes and measures. Chart 7.5-8 shows the travel order processing time. This process starts from the point that the Management Support Office receives a request for travel to the time the internal customer receives the approved travel orders.

Chart 7.5-8 Travel Order Cycle Time

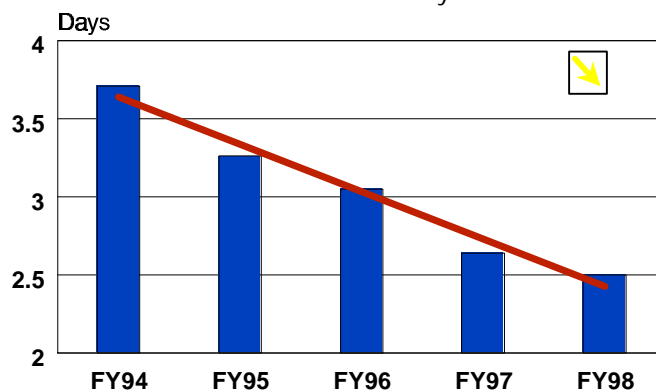


Chart 7.5-9 represents the cycle time to respond to internal customer needs for the automation support service process. Each priority is either a 1, 3 or 5 day "turn-around" time.

Chart 7.5-9 Automation Assistance Timeliness

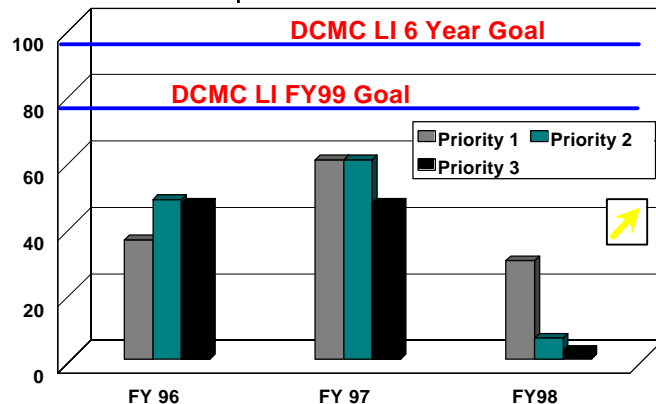


Chart 7.5-10 indicates the number of management control reviews performed. Refer to Item 1.2a (1) for detail.

Chart 7.5-10 Management Control Reviews

	FY 94	FY 95	FY 96	FY 97	FY 98
# of IMCRs	12	11	9	3	9
# of Corrective Actions	0	2	1	0	2
# of Material Weaknesses	0	0	0	0	0